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SUMMARY

GENERAL

Haughey agent in Irish vote probe

Irish police are investigating allegations of general election voting irregulastaries involving the election agent of Opposition Leader Charles Haughey.

The agent, solicitor Pat O'Connor, and his wife Joan were discovered to be mistakenly registered to two polling stations and their votes had been used at both.

First election results are expected late this afternoon. Early polling suggested an eventual turnout of more than 75 per cent.

Electricity up

Electricity prices for domestic users are to rise by an average of 10 per cent in April. Increases for big industrial users may be considerably lower. Back Page

Royal row

An all party Commons motion has ben tabled attacking the Sun and Daily Star for printing pictures of the Princess of Wales wearing a bikini, which the Queen regarded as "in the worst possible taste."

Seamen missing

Thirteen seamen were missing from the flagship of the South African navy, the frigate President Kruger, which sank after a collision south of the Cape of Good Hope.

Rigs towed in

Two oil rigs operating in the Atlantic where Ocean Ranger sank on Monday with the loss of 84 lives will be towed to land for inspection.

Syrian bombing

Syria's Ministry of Information in Damascus was wrecked by a large explosion. No one was reported killed. Page 3

Thailand invaded

About 300 Vietnamese-led troops crossed into Thailand from Kampuchea in pursuit of Khymer Rouge guerrillas, Thai military reported. Page 3

Mugabe support

Supporters of Zimbabwe Prime Minister Robert Mugabe gathered outside his office demanding the creation of a one-party state following the sacking of Cabinet Minister Joshua Nkomo.

M62 pile up

Drivers were trapped and three lorries caught fire in a pile up involving more than 40 vehicles oo the M62 in West Yorkshire.

Warsaw flights

The first British Airways flight to Warsaw since the Polish Government imposed martial law in December is to leave Heathrow today.

Ngaio Marsh dies

Dame Ngaio Marsh, detective fiction writer, died at her home in Christchurch, New Zealand, aged 82.

Turkey decrees

The Turkish Government has ordered all male state employees to shave daily. Woman are to keep their hair neatly combed and not wear short skirts.

Peak performer

French stuntman Michel Chirouze, 37, became the first person to drive a car down the snow covered peak of Mont Blanc, Europe's tallest mountain.

Briefly ...

China has sent a women's softball team to Taiwan.

The Pope received a tumultuous welcome in Equatorial Guinea.

Egyptian President Hosni Mubarak will make his first visit to Israel next month.

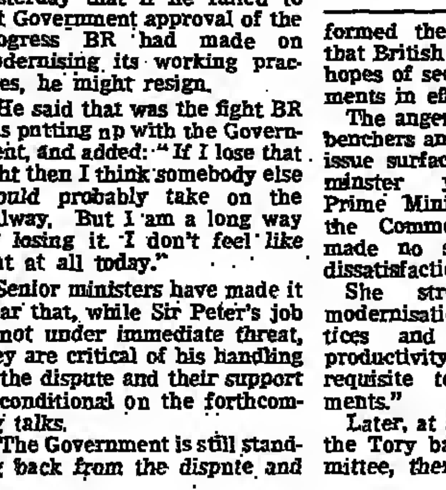
BUSINESS

Gilts up by 0.21; gold lower

● GILTS rose. The FT Government Securities Index gained 0.21 to 65.55, its highest for nearly eight months. Page 34

● EQUITIES closed lower. The FT 30-share index lost 1.4 to 562.2. Page 34

● GOLD fell $3 to $369.75 in London. Gold sales in Zurich by the Soviet Union may have



been behind the fall. In New York the Comex February close was $368.5. Page 27

● DOLLAR weakened late. It fell to DM 2.3675 (DM 2.399), FFr 6.0225 (FFr 6.089), SwFr 1.895 (SwFr 1.915) and Y235.25 (Y240.5). Its trade-weighted index was 112.7 (113.0). Page 27

● STERLING rose 1.65 cents to $1.852 but fell to DM 4.385 (DM 4.405), FFr 11.15 (FFr 11.175) and SwFr 3.51 (SwFr 3.5175). Its trade-weighted index held at 91.7. Page 27

● WALL STREET was up 0.85 to 828.48 near the close. Page 28

● MEXICAN PESO fell sharply in foreign exchange markets after the Bank of Mexico said for the time being it would no longer support the value of the currency against the U.S. dollar. Back Page and Lex

● LONDON GOLD FUTURES market will open on April 19. Page 33

● SHADOW CHANCELLOR Peter Shore said a reduction in the exchange rate to boost competitiveness and economic activity would be a cornerstone of the strategy of any incoming Labour Government. Page 8

● TALKS on the future of the De Lorean Motor Company were still going on last night at the Northern Ireland Office after more than three hours.

● COMMERCIAL VEHICLE production by BL and Ford last year fell by more than a third from 1980 levels. Talbot and Vauxhall each dropped nearly 50 per cent. Page 5

● BRITISH GAS has been given the go-ahead by the Government for its £1bn development of the Morecambe field off the Lancashire coast. Page 5

● INDUSTRY capital spending fell 5 per cent last year compared with 1980 while the total run down to stocks of finished goods and raw materials was lower. Page 6

● HERON CORPORATION raised its bid for ACC to £49.4m. Back Page and Lex: Judge surprised by ACC pledge, Page 6

● BID TALKS between Sturla Holdings and Laganvale Estates have broken down. Page 21

● INTERNATIONAL HARVESTER of the U.S. reported a first quarter loss of $297m (£160.37m) against $105m previously. Back Page; Page 23

● CRA, Rio Tinto-Zinc's Australian subsidiary, reported a sharp fall in earnings from A$175.2m to A$12.5m (£7.38m) last year. Page 21; Lex Back Page

Tax deposits

From today rates for UK Certificates of Tax Deposits are included in the footnotes to the London Money Rates table, which this morning is on Page 27.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Trea. 11¾pc 1991	£84¾	+ ½
Exch. 12pc 2013-17	£88¼	+ ½
Braby Leslie	48	+ 4
Burton Group	158	+ 4
Cakebread Robey A	47	+ 5
Goode Durrant and Murray	41	+ 5
Grand Met.	194	+ 7
Imperial Group	84	+ 3½
Kode Intl.	260	+ 17
Newbold & Burton	53	+ 4
Redland	181	+ 4
Reliance Knitwear	32	+ 7
ORE	295	+ 15
Harrisons Malaysian Estates	160	+ 14

FALLS:		
Blue Circle	498	− 18
Bowater	256	− 7
Dobson Park	80	− 5
Eagle Star	378	− 6
Goodman Bros.	18	− 5
Laganvale Ests.	27½	− 3½
Midland Bank	333	− 7
Sturla	15	− 2
Turner & Newall	99	− 7
Doornfontein	748	− 42
Transvaal Cons.	£24	− 1

Parker told to secure Aslef productivity pact over next month

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT has told Sir Peter Parker, chairman of British Rail, that it is now up to him to secure productivity improvements in negotiations over the next month with the Associated Society of Locomotive Engineers and Firemen, the train drivers' union, before any request for additional finance for the railways can be considered.

This emerged yesterday after the early morning agreement between BR and Aslef which enabled the six-week train drivers' strikes to be called off.

Sir Peter himself indicated yesterday that if he failed to get Government approval of the progress BR had made on modernising its working practices, he might resign.

He said that was the fight BR was putting up with the Government, and added: "If I lose that fight then I think somebody else should probably take on the railway. But I am a long way off losing it. I don't feel like that at all today."

Senior ministers have made it clear that, while Sir Peter's job is not under immediate threat, they are critical of his handling of the dispute and their support is conditional on the forthcoming talks.

The Government is still standing back from the dispute and will not reach any decision on future investment and borrowing until the current negotiations are over. There has not so far been any request for additional finance to cover the cost of the dispute estimated yesterday at £75m excluding any long-term diversion of business to the roads.

Mr David Howell, the Transport Secretary, apparently informed the Cabinet yesterday that British Rail still had strong hopes of securing real improvements in efficiency.

The anger of both Tory backbenchers and Ministers over the issue surfaced clearly at Westminster yesterday. During Prime Minister's questions in the Commons, Mrs Thatcher made no secret of her own dissatisfaction.

She stressed that "the modernisation of labour practices and improvements in productivity must be a prerequisite to increased investments."

Later, at a private meeting of the Tory back-bench 1922 committee, there was general support for a tough line, which will be communicated to Mr Howell. There was apparently strong approval in the Commons of Mr George Gardiner, the Tory MP for Reigate and a prominent Right-winger.

He said it should be made clear to British Rail that "not one more penny will even be contemplated in British Rail's borrowing limits until flexible rostering is in operation." He added that any payments to the train drivers without firm guarantees of flexible rostering would be a "gross betrayal of the travelling public."

Welcoming the end of Aslef's "ruinous" strike, Mr Howell yesterday said he "wholeheartedly" supported Sir Peter and all those whoes goal was higher railway productivity.

Indicating what the Government wants to see from the forthcoming productivity talks, he said: "The focus is now rightly on achieving this higher productivity, and the negotiations must produce that result speedily."

The agreement reached with the Advisory, Conciliation and Arbitration Service and Mr Len Murray, TUC general secretary, ensures that no issue will be left out of forthcoming productivity negotiations — including the crucial question of varying the

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London Transport strike call, Page 7
Anger over BR handling of dispute, Page 8
More of a truce than a victory, Page 18

Strike at Leyland Vehicles collapses

By Nick Garnett, Northern Correspondent

THE MONTH-LONG strike at Leyland Vehicles Lancashire sites fell apart yesterday with the unions completely failing to move the company away from its corporate plan. Employees will return to work on Monday.

The decision to call off the strike, following a mass meeting of hourly paid workers at Leyland which ended in uproar, is likely to affect the vote at today's mass meeting of Leyland Vehicles workers at Bathgate, Scotland.

If the Bathgate workers follow suit, it will be one more defeat in a series for the unions at BL.

A statement by the company said it was glad the Lancashire workforce had "accepted" the corporate plan by deciding to end the strike.

Shop stewards said, however, that workers were going back because of "fear and blackmailing." They repeated their belief that the company's Lancashire sites would contract over the next few years as a direct result of the plan much more than it envisaged.

They pointed to a clause in the document offered to the unions in negotiations on Monday, which indicated that the company would soon want to review the cost-effectiveness of the TL 11 engine—the only volume engine range being left for Leyland.

The plan involves 1,855 job losses in Lancashire and 1,365 at Bathgate, with the halting of tractor manufacture and the ending of two of the three principal engine ranges at Leyland. All these changes are linked to a transfer of work between Leyland Vehicles sites.

The mass meting of about 5,000 manual workers at Leyland ended in chaos.

Mr Mick Coyne, the Left-wing convenor, declared the vote "overwhelming" in favour of a shop stewards' recommendation to continue the strike.

Onlookers, however, thought the vote was evenly divided, and some of the workers thought it had favoured a return to work. The meeting heard the declaration of the "results" by Mr Coyne in silence. Then there was a terrific uproar, as a large part of the crowd surged towards the stewards' platform demanding another vote or a ballot.

Considerable abuse was directed at the platform and Mr Coyne, whom the workforce elected as convenor only last month.

Commercial vehicles output at 1949 level, Page 5

Reagan promises crackdown on official spending

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yesterday pledged a crackdown on runaway U.S. Government spending and warned that high interest rates were the greatest single threat to a healthy and lasting recovery of the U.S. economy.

In his first press conference since he unveiled his 1983 budget proposals this month, Mr Reagan defended his record in reducing inflation and renewed his commitment to sound fiscal and monetary policies so as to bring down interest rates.

He expressed his confidence in the monetary policy of the Federal Reserve Board and said his administration would work with the Fed to bring down both inflation and interest rates. For its part, the administration would not tolerate excessive budgetary deficits, he promised.

Mr Reagan announced that he would set up in the next few days a private sector body to monitor federal government spending and root out waste, inefficiency, red tape and duplication. The operation would start with the Departments of Defence, Health and Human Services, and Housing and Urban Developments.

It was intolerable and incomprehensible that the federal government should be spending money at the rate of $2bn (£1.1bn) a day or $23,000 a second, he said.

The new body would be composed of "distinguished private sector Americans" who would volunteer to serve without salaries. "We mean business and intend results," he said.

The President said that, with the help of Congress, his Administration had laid the foundations for sustained economic growth and intended to keep up the effort. The country was not out of the wood yet and difficult days still lie ahead. But at least it was approaching a clearing.

He declined, however, to report Administration forecasts that the upturn would begin in the spring or early summer, saying only that "in the months ahead and in the coming year," the recession would bottom out.

Mr Reagan admitted that the financial community had two concerns over interest rates. Some feared that the Fed would return to the inflationary monetary policies of the past. Others were concerned about the level of the budget deficits, which the Administration has put at just under $100bn for the fiscal years 1982 and 1983.

He would not, however, allow a return to the fiscal and monetary policies of the past and would keep deficits down. He supported both the independence of the Fed and its current monetary growth targets.

He was confident that, by keeping deficits down, inflation and interest rates would also decline.

Dollar slips in Europe

BY WILLIAM HALL

THE U.S. dollar fell on Europe's foreign exchange markets yesterday for the first time in several weeks. Eurodollar interest rates dropped sharply.

There were signs that sentiment towards the U.S. currency had changed, as dealers digested the sharp fall in short-term U.S. interest rates overnight.

The fall of about 1 percentage point to 15 per cent in the U.S. Fed Funds rate in New York early yesterday, plus a ⅛ of a percentage point drop in three month Eurodollar interest rates to 16 per cent yesterday, contributed to the weaker trend in the dollar.

The U.S. currency lost more than three pfennigs on the day against the D-mark to close at DM 2.3675 in London. It also moved lower against the Swiss franc, closing at SwFr 1.8950 against SwFr 1.9150.

Although the pound's effective exchange rate as measured by the Bank of England was unchanged at 91.7, it rose by 1.65 cents against the dollar to close at $1.8520.

Sterling was marginally weaker against most of the Continental currencies. The ending of the UK rail strike helped sterling initially but the impact soon evaporated on the foreign exchange markets.

In New York the dollar recouped some of the ground lost in Europe, and in early afternoon was trading at DM 2.3720.

In Wall Street credit markets, interest rates were continuing slightly easier, fuelled by hopes that political developments in Washington would lead to lower than projected Federal budget deficits. Federal funds, a short term interbank rate, were down almost to 15 per cent having traded as high as 17 per cent on Wednesday before falling overnight.

Banking lending boosts M3, Page
Money markets, Page 27
Mexico floats peso, Back Page

Row as Amersham share offer is oversubscribed

BY PETER RIDDELL AND CARLA RAPOPORT

THE GOVERNMENT'S £71m offer for sale of all the shares in Amersham International, the radioactive materials producer, appears to have attracted applications worth about £1.5bn.

The heavy oversubscription —by at least 20 times—provoked a row both within the Government and at Westminster because of the likely large premium for those receiving shares when dealings begin next Thursday. Stock market dealers expect the shares, offered at 142p to rise to about 180p when trading starts.

This is the third consecutive time that a public offer of shares in a state-owned company has been heavily oversubscribed. A year ago the offer of half the shares in British Aerospace for £150m attracted over £500m in applications and in November the £224m sale of just under half the shares of Cable and Wireless attracted £1.26bn.

Both companies' shares rose to significant premiums in early dealings.

Eager applicants for the Amersham issue began queueing outside the Drapers Gardens office in London of the National Westminster Bank at 6.30 am yesterday, hoping to secure a stake in the Buckinghamshire company which makes and markets packages of radioactive substances for export throughout the world.

The application list closed at 10.01 am, one minute after opening, and it is estimated that about 225,000 applications were received. Allotments are likely to be announced today.

Of the £71m raised by the offer, the Government is to receive £63.7m, with £5m going to the company.

The Bank of England yesterday acted to smooth the disruption in the money market caused by this transfer of funds from the private sector to the Government. The Bank has reduced the minimum level of secured deposits that eligible banks are required to keep with the discount market from 4 per cent to 3 per cent of eligible liabilities for the next seven days. The move will allow the Bank to support the discount market with new money without putting pressure on interest rates.

Morgan Grenfell, Amersham's advisor, is thought to have favoured a tender for the offer, rather than an offer for sale, as a way of stifling most of the potential for a premium in initial dealings.

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Government likely to ask for oil royalties in cash, Page 6
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Times decision due on Monday

BY IVO DAWNAY, LABOUR STAFF

MR RUPERT MURDOCH, Times Newspapers' proprietor, said last night that he would decide on Monday whether or not to close the Times and Sunday Times.

The closure would go ahead unless significant steps had been taken to halt the "haemorrhaging" in the company's finances estimated to be costing as much as £15m a year.

The warning given to Mr Bill Keys, general secretary of the Society of Graphical and Allied Trades, was confirmed by the company last night, after a day of rapid developments in the crisis at Times Newspapers.

In a statement, Mr John Biffen, the Trade Secretary, disclosed that the decision to transfer ownership of the titles of the two papers from Times Newspapers to its parent company, News International, had been reversed.

In a written answer in the House of Commons to a question from Mr John Smith, the opposition trade spokesman, Mr Biffen said he was satisfied that the transfer was completed on legal advice that the move was not in breach of conditions agreed to safeguard the independence of the papers.

uBt he added: "Nevertheless, it is now accepted that the validity of the transfer, albeit a transfer within the same group, may well be open to doubt."

News International is to seek consent for the transfer from the five indepednent national directors, appointed to ensure the editorial freedom of the papers at the time of their takeover by Mr Murdoch last year.

The decision to reverse the transfer was taken at board meetings of the two companies yesterday morning, following protests at the move last weekend.

Earlier in the day, News International said its deadline for 600 voluntary redundancies among permanent staff and the reduction of aboot 900 casula shifts had expired without agreement being reached.

The company, said that talks with the unions were continuing and that "there has been movement in a number of areas, but there are others where no substantial progress has been made."

But officials representing National Society of Operative Printers, Graphical and Media Personnel clerical staff last night declined an invitation to enter further talks with the company.

£ in New York

—	Feb. 17	previous
Spot	$1.8360-8375	$1.8390-8410
1 month	0.30-0.36 pm	0.32-0.37 pm
3 months	0.91-0.99 pm	0.97-1.02 pm
12 months	2.88-3.08 pm	3.10-3.35 pm

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For latest Share Index phone 01-246 8026

Bundesbank pay warning as metal talks stall

BY STEWART FLEMING IN FRANKFURT

A CLEAR deceleratioo lo the pace of West Cerman wage increases is essential in order to stimulate investment and employmeot, says the Bundesbank in its monthly report for February. Its warning comes as pay negotiations in the metal industry are on the verge of breakdown.

The bank says modest wage increases are needed for a substantial improvement in corporate profits, which in turn is an essential pre-condition for a rise in invesiment.

It adds that the pressure placed on company profits has resulted in a marked weakening of investment intentions and a visible decline in capital investment spending in industry.

The Bundesbank's warnings coincide with mounting tension in the metal industry negotiations, traditionally the pacesetter for the annual wage round.

The employers' associatioo in the Nortb Rbine Westphalia region ls meetiog today after a third fruitless round of talks earlier in the week. It is expected to declare that negotiations have broken down and to call for independent arbitrators.

IG Metall, the 2.7m strong metal industry union, is expected to agree next week to arbitration. Of critical importance, however, is that arbitration is non-binding and that if either side is dissatisfied with the outcome, it can go back to free collective bargaining.

The timing of tbe arbitration process, and next week's public holidays in West Germany, mean that further talks would not be held before March. By then, the period in which the union, under its contract must refrain from strike action will have expired. The union has warned that it may resort to token strikes, as it did last year.

Apart from expressing concern about the wage round, the Bundesbank's analysis of the economy presents a mixed picture.

It is still expecting a balanced current account this year and draws attention to signs of a slowiog inflation rate, botb in terms of the cost of living and in industrial prices.

In the three months to the end of January, it points out, the cost of living increased at an annual rate of 5 per cent, compared with 7.5 per cent in the previous three months. Industrial prices over the three months to December rose by 6.5 per cent at an annual rate compared with 10.3 per cent in the previous three months.

On the other hand, the bank stresses that it sees no prospect of a further reduction in West German interest rates in view of the renewed rise in interest rates in the U.S. capital market.

The Bundesbank's central council yesterday held its regular fortnightly meeting. No changes in its administered interest rates were announced.

Poland aims to increase coal output this year

By Our Foreign Staff

THE POLISH military government has announced a 1982 target for coal production of 170m tonnes—6m tonnes above last year's level. But at the same time it has ordered price cuts for a number of dairy products in an apparent concession to head off rising economic discontent.

The Polish news agency, PAP, reported that the Government planned to export about 5m tonnes of coal during the first quarter of this year—more than double the amount shipped abroad in the same period of 1981. Coal is Poland's chief earner of foreign exchange and best bet for repaying its heavy debts to the West.

The Government's bullish export forecasts for coal follow its claim that production rose 8.8 per cent last month, compared with December 1981, to 15.4m tonnes. Pap attributed this directly to the imposition of martial law, saying "the militarisation of hard coal mines and restoration of the six-day work week have significantly changed working conditions."

However, retail prices for bnttar, cheese and other dairy prodncts are now being scaled back only a few weeks after they were sharply increased on February 1.

The latest move will require bigger government snbsidy, Pap said, to bridge the difference between the new lower retail dairy prices and the higher wholesale prices which farmers will still receive.

PAP also reported yesterday that some 1,900 top civil servants have been removed since August 1, 1980—more than 760 of them since martial law was proclaimed.

Those dismissed during the state of emergency inclnded six provincial governors, 17 depnty governors, 160 mayors and chiefs of rural communities. They were said to have been dismissed "following checks on their performance."

● AP reports from Bonn: The number of Poles seeking political asylum in West Germany last year rose by 373.7 per cent over 1980 figures, the Interior Ministry reported yesterday.

The ministry said that 9,901 Polish citizens sought asylum last year, compared with 2,090 the year before.

Poles accounted for some 20 per cent of the total number of foreigners asking to remaln in West Germany to escape political oppression at home.

● K. K. Sbarma writes from New Delbi: Poland has asked the Indian Government for soft credits to enable it to buy urgently-needed consumer and other goods to tide it over the crisis facing the country following the proclamation of martial law.

Poland has admitted that if does not have any rupee funds to enable it make imports from India. Bnt lt has promised to repay the credits in the coming years in the form of coal machinery, ships and other manufactured goods.

Communist union attacks French job appointments

BY DAVID HOUSEGO IN PARIS

FRANCE'S Communist-controlled CGT trade union yesterday attacked the Government's decision not to replace the chairmen of two major industrial groups taken over under its Nationalisation Bill.

M Henri Krasucki, head of the CGT, called it "a false step." The union is particularly bitter about the decision to keep on M Jean Gandois as head of Rhone-Poulenc, the chemical and textile group, as he is held to blame for the loss of jobs in the textile division as a result of the company's reorganisation plans. The textile section of the CGT said they "categorically disapproved" of M Gandois staying on.

M Pierre Dreyfus, the Industry Minister, saw M Gandois on Wednesday night, and yesterday saw other new heads of the nationalised industries to explain the Government's policy towards their individual concerns.

In his letter defining their terms of appointment, M Dreyfus spoke of job-creation as being one of tbeir tasks and of the nationalised industries aetting an example in "social policy."

Nonetheless, M. Gandois's appointment is also seen as partial endorsement of his restructuring plans and of the Government's readiness to live up to earlier pledges that the laying-off of labour would be possible in the nationalised sector.

The new appointments were generally well received yesterday. M. Jean-Pierre Fourcade, a former Minister of the Economy and supporter of President Giscard d'Estaing, who has fiercely opposed the nationalisation measure in the Senate, said that he gave the Government credit for naming men of competence rather than of political party.

Meanwhile, M. Pierre Mauroy, the Prime Minister, said that the salaries of the new chairmen would be limited to the "reasonable" figure of between FFr 400,000 - FFr 800,000 (£35,810-£71,588) a year. He conceded that salaries in the private sector were generally more than double those in the public sector. In adding that the same rules would be applied to M. Gandois and to M. Roger Fauroux, who stays on at Saint-Gobain, he implied that they could face a drop in salary.

By comparison, it is believed that M. Ambrose Roux, the former head of Compagnic Generale d'Electricite, and probably one of the best-paid chairmen in France, received FFr 6m a year before nationalisation.

Lambsdorff to visit Leipzig

By Leslie Colitt in Berlin

WEST GERMANY'S Economics Minister, Count Otto Lambsdorff, will attend next month's East-West trade fair in Leipzig where he will bare talks with Herr Guenter Mittag, East Germany's politburo member in charge of the economy.

A meeting between the two was planned at the talks in mid-December between Chaocellor Helmut Schmidt and President Erich Honecker. West Germany agreed then to renew temporarily its annual DM 850m (£193m) interest-free "swiog" credit to East Germany until the end of June.

The Leipzig Fair office, which confirmed Count Lambsdorff's visit, said it also expected Frau Birgit Breuel, the Economics Minister of the West German state of Lower Saxony, to attend along with the mayors of Hamburg and Bremen. The ports of both cities handle much of the Western overseas imports and exports of East Germany, Czechoslovakia and Hungary.

Count Lambsdorff and Herr Mittag are expected to concentrate on a new "swing" agreement, allowing East Germany to overdraw its trade account with Bonn without paying interest.

They are also likely to discuss electrification of the 120-mile railway line between West Berlin and West Germany across East Germany. The cost of this project is put at about DM 1bn (£225m) which Bonn is expected to pay.

Electrification would reduce the travel time between West Berlin and West Germany by about an hour

SPD shapes up for showdown on missiles

BY JAMES BUCHAN

PRESSURE IS building within West Germaoy's ruling Social Democrat Party, (SPD) to force a showdown at the party congress in Munich in April over the Government's support for Nato's nuclear missiles policy.

Although radicals in the party still look unlikely to be able to force a vote at that meeting, a series of recent decisions by local branches bas revealed a strong groundswell of opposition to the leadership.

A bitter and protracted debate will further damage Chancellor Helmut Schmidt's prestige and lead to tensions with the Free Democrat Party, the SPD's coalition partners, and with the United States.

Herr Schmidt baa aaid repeatedly that he will resign if the party votes against the Nato policy, under which West Germany will accept the stationing of new U.S. intermediate range missiles towards the end of 1983 if there is no progress in U.S.-Soviet missile negotiations.

He appeared to have been handed a reprieve last month when the party's national executive, strongly influenced by Herr Egon Bahr, the disarmaments expert, proposed that a final vote on the Nato "twin-track" policy be delayed until the autumn of 1983.

The SPD leadership is anxious to avoid aoy move that would prejndice the U.S.-Soviet negotiations in Geneva, while maintaining a certain leverage on the commitment of both sides to the talks.

In the meantime, it has become clear that, out of the 22 local branches, nine of them—able to muster 164 of the 400 delegates at the congress—oppose the leadership's stand. Of particular concern are the demands of some branches for a moratorium on all new intermediate-range missiles on both sides.

There is reasonable confidence among party leaders that the congress would defeat a motion to repudiate unilaterally the twin-track decision. Herr Peter Glotz, the party manager, said this week that some 80 per cent of the party would vote against. But Herr Willy Brandt, the chairman, admitted there was far less certainty if the demands for a moratorium came to a vote.

Most of the party leaders are opposed to a moratorium, even for the duration of the Geneva talks. It is felt this would relieve pressure on the Soviet side to make concessiona and increase U.S. impatience with the negotiating process. Herr Schmidt has already warned of a marked superiority in Soviet intermediate range missiles since new SS-20 missiles began to be installed.

The Chancellor and Herr Hans Apel, the Defence Minister, bave now made clear that they will brook no further alterations in the national executive'a proposal that the final vote be put off until late 1983. But the stage is set for a battle. Herr Glotz said this week that more than 200 proposals for the congress—almost balf of those received—concern security policy.

Bonn tries to speed nuclear power plans

BY KEVIN DONE IN FRANKFURT

INITIAL building licences for up to three nuclear power stations could be granted in West Germaoy later this year following moves by the Federal Governmeot to break the log-jam of orders.

The Interior Ministry has agreed to the construction of three stations with a combined capacity of 3,900 MW: Biblis C in Hesse, Lingen in Lower Saxony and Isar II in Bavaria.

The projects have been going through the regulatory process for years. The first application for the Lingen plant was lodged by VEW (Vereinigte Elektrizitaetswerke) in August, 1978, and for Isar II by a utility group led by Bayernwerk in February, 1979.

The first application for Biblis C was filled in 1975. It was later withdrawn and re-submitted in October, 1980.

All three power stations bave been ordered from Kraftwerk Union, the power engineering subsidiary of Siemens, and would be 1,300 MW pressurised water reactors. Investment in the three plants could total around DM 15bn (£3.6bn), with commissioning due by 1989-90 at the etliest.

The industry is hoping to build the plants under the newly-developed "convoy system" in the hope of speeding the regulatory process. A type approval would be granted, instead of a separate approval for each reactor.

The Federal Government has passed the projects on safety and technical grounds, but the utilities involved, Bayernwerk, Rheinisch-Westfaelische Elektrizitaeswerke (RWE) and VEW, must return to the provincial state governments to gain initial building licences.

Bayernwerk hopes to have permission by April for the Isar II plant. This could be followed by approval for the Lingen nuclear reactor in Lower Saxony in the summer.

The Hesse Social Democrat Free Democrat ruling coalition is divided over Biblis C, and permission could well he delayed beyond the autumn state elections.

By the middle of last year, West Germany had 9,063 MW of installed nuclear capacity in operation and a further 11,284 MW under construction. According to current plans the country could have a maximum of 2,000 MW of nuclear capacity installed by 1990.

Nuclear power accounted for 4.7 per cent of West German primary energy construction last year compared with 3.7 per cent in 1980.

Decision on Basque reactor postponed

BY ROBERT GRAHAM IN MADRID

SPAIN'S largest private uitlity, Iberduero, bas agreed to postpone any decision on closing down its two-thirds-complete Lemoniz nuclear power plant in the Basque Country.

On Monday, the company threatened indefinite closure of the $1.5bn plant because of lack of security in the face of a determioed campaign by the militant Basque separatist organisation, Eta, to prevent it from opening.

Iberduero reached the decision after a meeting between top executives and tbe Industry Minister, Sr Ignacio Bayon. The company will now await the outcome of negotiations between the Madrid Government and the regiooal Basque government.

Sr Bayon met the Basque government's Councillor for Industry, Sr Javier Garcia Egocheaga, on Wednesday to resolve the fate of the controversial plant. A subsequent communiqué indicated that both parties were considering various formulae for public control of Lemoniz, which would "guarantee the rapid completion of the plant and the rights of the proprietors."

Both Madrid and tbe Basque government appear to have accepted Iberduero's point that the plant's future rests on political decisions. Since the chief Lemoniz engioeer, Sr José Maria Ryan, was assassinated by Eta a year ago, all technical work has been effectively paralysed, with the technicians unwilling to work until their security is guaranteed. Iberduero says it is losing $1.2m a day.

Until now, the Basque government's efforts to assume control of the installations bave foundered oo what Madrid bas regarded as excessive demands. But the threat by Iberduero to close the plant, putting over 3,000 persons out of work, bas proved a catalyst. Every effort is now being made to reach an acceptable and early solutioo.

Generals on trial, Page 18

Metalworkers clear way for work-hours agreement

BY DAVID WHITE IN PARIS

REPRESENTATIVES OF the French metalworking industry, which employs 2.5m people, have agreed on the principle of maintaining overall pay levels for the first one-hour reduction in the working week to 39 bours, unions reported yesterday.

This clears the way for agreement on working-hour arrangements in the country's most important industrial sector.

The three unions left in the talks had already said they would be prepared to sign on condition that the first two out of the three staggered half-hour reduetions planned in the industry between now and next January should be made without any loss in wages.

The Communist-led CGT union, however, which is the most powerful in the sector, walked out of the talks on Tuesday and denounced them as a "parody."

Negotaitions in the 1.5m-strong building industry, where both the CGT and the number two union federation, the CFDT, have so far refused to sign an accord, are at stalemate.

The implementation of the 39-hour week without earnings cuts was recommended by the Government last week after President Francois Mitterrand intervened in the long-running dispute.

The series of conflicts which have hit the customs service still go on, with the CGT yesterday calling for a protest over days off.

The problem was one of the issues brought up at a meeting on Tuesday between the CGT and the Socialist Party. M Georges Seguy, CGT leader, said that the Government was generally "on the right tracks," but that it had "shortcomings."

Gibraltar bank law move

BY OUR GIBRALTAR CORRESPONDENT

GIBRALTAR IS to introduce banking laws designed to cope with increasing activity, particularly in offshore banking.

Present legislation was introduced in 1956, but the government is expected to publish a Bill soon defining new criteria. BankAmerica, Hambros and the Hong Kong Bank and Trust have established themselves recently in Gibraltar.

Officials are guarded about the proposals, but it is known that a consultative document has been studied and will be put before the House of Assembly in legislative form. A commissioner of banking and other officials are proposed, whose role will be to control and supervise operations.

Papandreou leaves it up to Brussels to show what it has for him, writes **David Tonge** in Athens

Greek shopping list provides EEC with object lesson

WHEN THE European Parliament opened its offices in Athens last week, most of the moustachioed young rulers of Greece turned up. Six months ago, those Socialists who went to such a party would have thought twice before telling their friends.

This change of attitude towards the EEC will be apparent in the list of demands which Dr Andreas Papandreou's four-month-old Socialist Government will present to the community by March 15.

For now, the main thrust of the Government's argument is not that Greece may have to leave the EEC to protect its interests. Instead, as Dr Papandreou says, "in view of the reconsideration of all the policies of the EEC, what is opening up as a possibility is the definition of a special status for Greece, which will make it possible for Greece to survive within the EEC."

The Government is particularly worried that EEC regulations will hamper it from taking the steps it considers necessary to protect its interests, in particular its fragile industry and large small-scale farming community. It sees a variety of possible solutions.

At one end of its scale would be full membership of a community prepared to pay more attention to its poorer members, giving some tolerance to the national policies Greece may consider necessary, and ensuring a solid flow of resources to Greece.

At the other would he a weaker link with unchanged EEC, involving less transfers but far less obligations by Greece to the community.

The Greeks believe that the issue they raise today of how the community deals with differences between its rich north and poorer Mediterranean south would, in any case, have been one of the main problems of the community once the current negotiations on the mandate are over.

Then, the Ten will have to bite the bullet on Spain and Portuguese accession. Mr Grigoris Varfis, the Minister responsible for EEC affairs, puts his argument in these terms: "The Treaty of Rome set out to launch the community both towards free trade and reducing inequalities. To achieve the second, new institutions, mechanisms and instruments are needed. If we have them, we may solve our problems within the framework of the EEC."

In practical terms, this means that Greece, which has the lowest average income in the EEC, will ask the other members for fresh safeguards to protect its agriculture, industry and trade. Officials are already raising some of these issues in the negotiationa on the mandate. They plan to table their demands in time for the European Council at the end of March to agree they should be studied—or so they would like.

To avoid any blanket rejection, the Greeks will phrase their demands in a way designed to open negotiations in a series of linked fields involving bow the mechanisms of the community deal with a less-developed — and remote — member.

Such matters as the terms under which Greece entered the Community last year are seen as of secondary importance. Dr Papandreou insists he is not seeking a renegotiation or a break with the Community. He claims to have found "a good climate," in the EEC.

The Greek Government aims to achieve a series of improvements, which it will be able to present to the Greeks in an eventual — and increasingly distant — referendum.

Many of Dr Papandreou's party members remain deeply sceptical of the EEC although Greek Socialist leaders now realise that many of their demands can be met by better manipulation of EEC regulations.

"We should have got 15m European Currency Units (£8.4m) to help our fishing industry last year, but by the end of October we had only submitted projects worth 200,000 ECU (£112,000)," one Greek official says. The EEC is now sending experts to help the Greek civil service prepare projects.

The Government's case with the Greek public has been helped by the rapid increase in net receipts, from 120m ECU last year to around 600m ECU this year, according to Commission forecasts. Ministers point out that such budgetary gains have to be offset by the costs to Greece of opening its frontiers to the EEC and shifts in trade. They give as an example the way Greece now has to buy expensive Community beef rather than the cheaper Argentine cuts.

All this and the general EEC unwillingness to rewrite Greece's treaty of accession means that Greece is paying increasing attention to the way other members of the community have fought their own battles. In the field of agriculture, the Greek memorandum will insist on the right to give national aids to farmers instead of only accepting community mechanisms, officials say.

Greece is also making sure that it gets the best possible deal from the present price-fixing talks. It is pressing to be allowed to adjust the value of the green drachma—the currency used for fixing farm prices—throughout the year without prior approval from other EEC ministers.

This may prove difficult. Other members of the EEC are now increasingly talking of offering Greece an "Irish package" — the agreement reached in 1979 to help Irish farmers when, as in Greece today, their country's inflation rate was far higher than the community's. This package involved increased structural aids for agriculture.

The Greeks hope their cause may be strengthened by a report, which the commission should complete by March 1, on how to assist countries with above average inflation rates.

However, Greek demands to be allowed to provide subsidies and tariff or other protections to their industry may prove more problematic. Most Greek industry is feeling the chill, following years of recession and bad management. Furthermore, most Greek manufacturing establishments have less than six workers.

Greek officials would like to see the transition period for existing industry applied to new industry too—and here they insist they want foreign investment.

They also argue that Greece's geographical position and its growing trade with the Middle East and Eastern Europe need understanding. Nearly half of Greece's agricultural exports goes to the Eastern Bloc, as do almost all its citrus exports.

Athens is saying it must not be hampered by EEC regulations and is asking for a more rapid phasing in of the full penetration premiums—given by the EEC to assist exports to third countries.

All this means that Dr Papandreou is in effect turning the argument over Greek membership of the EEC on its head, leaving it up to the EEC to show what it has for Greece. His "Mediterranean" shopping list may be about the last thing that the EEC, with its present problems, wants. But, as one EEC official says: "It is all an object lesson of what we may face with Portugal and Spain."

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MEPs say Jenkins misled them

BY JOHN WYLES IN LUXEMBOURG

MR ROY JENKINS' presidency of the European Commission will come under fire today with accusations that be hid from the European Parliament the fact that, in 1980, the Commission was ignoring EEC political undertakings by undermining the U.S. grain embargo against the Soviet Union for its invasion of Afghanistan.

The issue is seen by several MEPs, particularly British Tories, as sufficiently important to warrant a censure of the 14-man Commission, despite the fact that its president is now M Gaston Thorn and seven of its other members did not serve under Mr Jenkins.

The Thorn Commission has supplied the Parliament with statistics showing that subsidised exports of cereals and dairy products to the Soviet Union in 1980 climbed well above the average levels of the previous three years. This average was adopted by the Council of Ministers in January 1980 as a benchmark guaranteeing its undertaking not to undermine the U.S. embargo.

According to Mr Brian Hord, the Tory MEP for London West, subsidised Community exports of flour and wheat in 1980 totalled 1.03m tonnes, compared to a three-year averages of 37,000 tonnes. Butter sales were just over 100,000 tonnes, compared to the average of 75,000 tonnes.

"In answer to an oral question, Mr Jenkins assured this Parliament that these exports were not exceeding traditional levels," said Mr Hord. The Commission's conduct that year is cited in a report to be debated today as justification for greater parliamentary scrutiny and control over EEC exports to the Soviet Union and Eastern Europe.

The report says the Commission's explanations for the high 1980 exports "fail to conceal its inability to carry out Community objectives and implement a Community policy." Over the next few months the British Tories may try to launch a parliamentary bandwagon in favour of refusing to "discharge" the Commission's 1980 budget. This would be tantamount to a vote of censure, but it remains to be seen whether this Commission would want to resign over the sins of its predecessor.

UK may be pressed over gas pipeline

BY OUR BRUSSELS CORRESPONDENT

BRITAIN could soon come soon come under pressure to offer the European Community natural gas storage facilities to be used if there was a sudden cut in supplies through the controversial Soviet pipeline to Western Europe.

This was signalled yesterday by Viscount Davignon, the EEC's Energy Commissioner, who issued a strong defence in the European Parliament of the purchase of Soviet gas. He said that Europe had to diversify its energy supplies and that only Algeria and the Soviet Union could supply the Community with the natural gas it needs.

The question of gas storage facilities will be discussed by Energy Ministers at a meeting on March 15. Viscount Davignon suggested this might be a necessary insurance against any cut-off Soviet supplies.

The Commissioner disclosed that the Dutch had already indicated a willingness to take part in a storage programme. As the EEC's other national gas producer, Britain was also in a position to contribute." BBut there is no British proposal for making it possible to store gas," he said.

Mr Nigel Lawson, the UK Energy Minister, will not be surprised to come under pressure on the storage question next month but it is thought that he may take some convincing that such a project is necessary.

Anatole Kaletsky writes from Washington: The Reagan Administration's "strategy of economic warfare" against the Soviet Union has drawn strong opposition from the U.S. Chamber of Commerce, the nation's leading business organisation.

In a letter to the President, the Chamber has warned that attempts to hamper Soviet energy exports by delaying the Siberian gas pipeline would "raise a new and unprecedented issue which goes to the core of East-West trade" and required close consultation with the business community.

The extension of U.S. export controls to licences in Europe making equipment for the pipeline would "only aggravate further our already poor reputation for commercial reliability."

Viscount Etienne Davignon: strong defence

Bomb wrecks Syria's Ministry of Information

BY RICHARD JOHNS IN DAMASCUS

SYRIA'S Ministry of Information was wrecked by a large explosion which shook the centre of the capital at noon yesterday.

No official word or estimate of damage was immediately available but officials said no one had been killed in the blast. Mr Ahmed Iskander Ahmed, Minister of Information, and a powerful figure in President Hafez al-Assad's regime, escaped unhurt.

The bomb was planted in a car near the building, where the Government printing press and the newspaper Al-Baath, are also housed, according to Mr Michael Frenchman, a visiting British journalist who was on the top floor of the 10-storey building.

The blast threw him and others in the room to the floor, inflicting cuts and bruises, but the impact must have been much greater lower down. Ambulances hurried to the site on the Mezzeb Autostrada which was quickly sealed off.

The Moslem Brotherhood, whose 16-day insurrection in the city of Hama, about 100 miles to the north, is only now being finally extinguished, appear to have struck a major blow with the bombing. But the possibility that the explosion was the work of the Iraqis, in revenge for the destruction of their Beirut embassy in December, cannot be ruled out.

This is the first known terrorist incident in the capital since the enormous explosion last November in the Azbakiyeh district in the heart of the capital. The death toll from that incident is now put at more than 200 by foreign diplomats.

In and around Hama, Government forces are still mopping up almost two weeks after their operation started in earnest. Firing and explosions there were only sporadic two days ago, according to a Syrian traveller from the city who arrived in Damascus on Wednesday night. Fighting appeared to be confined to the Hadrah district of narrow, winding streets where the rebels, knowing the grisly interrogation in store for them if captured, are fighting to the last.

Government forces are reported to have blown up houses where rebels have taken refuge. Historic areas of the city situated in the narrow gorge of the River Orontes have been reduced to rubble.

Peking's bureaucratic clean-out begins smoothly

BY COLINA MACDOUGALL

CHINA HAS begun a purge which may sweep away tens of thousands of officials in the Government and Party and even tackle the sensitive task of retiring elderly or politically out-of-step officers from the armed forces. This is likely to be the biggest cleanout of the bureaucracy since the Cultural Revolution.

Although vice-premier Bo Yibo denied last weekend that it was a purge in the Western sense, since it was focused on administrative problems, it is clear that the purpose also includes weeding out the politically undesirable. "Vice-Chairman Deng Xiaoping has described it as another revolution," he said.

This reform will not only be directed at left-wingers remaining from the days of the Gang of Four. A local paper in north-east China said early this month that former left-wingers had become liberals and that under the new open-door policy towards the West, liberalism had become a greater threat.

Retirements, dismissals and criticisms have already begun. In the Third Ministry of Machine Building (which takes charge of aviation), 289 officials have resigned, following the resignation of seven vice-ministers last month.

In Hubei province in central China the provincial party committee has demoted more than a third of the officials directly under its jurisdiction to work in factories as a means of "handling violations of financial discipline."

In the army, Yang Yong, the deputy chief of staff, has criticised a number of party officers by name (a severe disgrace in China) for "unhealthy tendencies."

The usually reliable Hong Kong Communist Press has reported that in Peking alone the government bureaucracy will be pruned by a third and the number of vice-premiers, currently 13, to two or three.

The proliferating commissions, set up in recent years to supervise the ministries, may be abolished and hundreds of vice-ministers lose their jobs.

This campaign is at least partially the brainchild of Deng Xiaoping, who since 1978 has insisted on the need to clean up the bureaucracy.

According to Premier Zhao Ziyang, the purge is already proceeding smoothly. He told Y. K. Pao, chairman of the International Association of Independent Tanker Owners recently: "The key problem is how to raise work efficiency. So we've got to simplify our government structure. Originally we estimated this would be very difficult, but it now appears the work is going much more smoothly than expected."

The onset of the campaign was signalled last November by a volley of quotations from Deng, attacking inefficiency and corruption published in the party journal, Red Flag.

Unofficial predictions in Peking are that Zhao Ziyang will handle the streamlining of the Government, while Hu Yaobang, the party Chairman, will deal with the Party, and Deng—who is the chairman of the Party's Military Commission and thus the highest army authority—will take on the military.

The first target is inefficiency and overstaffing, which are endemic in all walks of life in China. The Government bureaucracy has been shuffling paper for 2,000 years and the coming of the Communists in 1949 made no more than an initial dent.

The military is a more effective body, but the antiquity of its senior officers and the reluctance by some to abandon Maoist concepts put it in the firing line for Deng's reform.

Deng has been gunning for both the civilian and military branches of the party since early 1980. "Quite a number of the 38m party members are not up to the mark," he said then.

The vices of the civilian party are bad—arrogance, irresponsibility and corruption, he noted—but those of the army are worse. At the People's Liberation Army political work conference in June 1978, Deng said: "Lin Biao and the Gang of Four have seriously destroyed the army's work style, and their pernicious influence has taken deep root."

The success or failure of the campaign will depend on whether Deng and his supporters can clean up the bureaucracy without triggering bitter feuds. While the enormous scope of the campaign makes this on the face of it unlikely, at least the elderly can be shuffled off painlessly.

Until now, China has had no retirement system for officials, but according to the Hong Kong paper Hsin Wan Pao last week, a new "five-line system" is being evolved to solve the problem of getting rid of ageing officials. The "first line" covers those in day-to-day work, the second policy-making, the third advisory status, the fourth "retired with influence" and the fifth "completely retired."

This explanation was given to account for the statement by Vice-Premier Wan Li to Reuter that Deng had retreated to the "second line," but it also indicates that China is trying to work out an acceptable retirement formula to include the income and other perquisites normally bestowed by employment in a Chinese unit.

This will be the easy part. Far more menacing will be the threat presented by thousands of outraged senior and middle level officials facing dismissal or demotion back to blue collar jobs—especially if, as good Maoists, they share a view of Deng and his like as dangerous liberals.

Deng in 'good health'

CHINA'S LEADER, Deng Xiaoping reappeared yesterday after more than a month out of the public eye when he received Prince Norodom Sihanouk, the former Kampuchean Head of State, Tony Walker reports from Peking.

The powerful party vice-chairman's absence from the public stage had led to speculation that he was either unwell or had suffered a serious political setback. Chinese officials denied the reports, but Mr Deng still failed to appear, even though his name was mentioned frequently in the official Press.

According to a New China News Agency report last night, Mr Deng, at his meeting with Prince Sihanouk, expressed confidence that China's current "anti-bureaucracy" campaign would be carried out smoothly. The news agency disclosed that Mr Deng had been taking "nearly a month's rest in other parts of the country."

Mr Deng noted that the anti-bureaucracy campaign had begun "just a month ago," and said: "It is going very smoothly. The comrades in our party, including the older ones, hold identical views on this issue. I think the job can be finished much earlier than expected."

The news agency reports quoted Prince Sihanouk as saying he was happy to "find the vice-chairman in good health."

Vietnamese clash with Thai border patrols

BY OUR FOREIGN STAFF

VIETNAMESE-LED troops clashed with Thai forces on Wednesday after crossing into Thai territory from Kamuchea in hot pursuit of Khmer Rouge guerrillas. Thai spokesmen said five police officers were missing after the fighting.

Officials of the Thai supreme command, who reported the clash only yesterday, said the 300-strong "invading" force comprised about 40 Vetnamese troops. The battle with Thai border police at Saptali in Chantaburi province, about 190 miles south-east of Bangkok, is reported to have taken place about half-a-mile inside Thailand.

The Vietnamese-led force is understood to have withdrawn into Kampuchea, though fighting continued into Thursday morning.

The military confrontation coincided with a radio report from Hanoi that Vietnam was willing to withdraw some troops from Kampuchea if Thailand would agree to stop supply arms and sanctuary to Khmer Rouge forces.

At the same time, Prince Norodom Shanouk, the former Kampuchean leader who still commands loyalty from Kampucheans appeared in Peking preparing for talks with Khieu Samphan, the Khmer Rouge President, on a coalition to oppose the Vietnamese-backed regime of Heng Samrin in Phnom Penh.

Investors await assurances from Mugabe

BY TONY HAWKINS IN SALISBURY

BUSINESSMEN in Zimbabwe yesterday shrugged off the initial impact of this week's collapse of the country's two-party coalition, arguing that it would do little to change the already disappointing level of foreign investment since independence two years ago.

Thousands of supporters of Zimbabwe's Prime Minister, Mr Robert Mugabe, paraded through the streets of Salisbury yesterday in support of the dismissal from Cabinet office of Mr Joshua Nkomo, junior member of the coalition which has effectively collapsed, J. D. F. Jones, reports. But Bulawayo, the country's second largest city and stronghold of Mr Nkomo, was reported quiet. Mr Nkomo, leader of the *Patriotic Front*, or *Zapu*, was yesterday meeting senior officials of his party, which hold 20 of the 80 black parliamentary seats.

As Mr Robert Mugabe, the Prime Minister, contemplates his next step, and speculation grows about moves towards a one-party state, he will have to consider carefully the mood of business and the attitudes of the country's major aid donors.

Zimbabwe's impressive economic performance since independence includes real growth averaging more than 10 per cent a year and exports at some 40 per cent above 1979 levels. Industrial output has increased 26 per cent, while farm production has risen more than 50 per cent in value, after increasing by more than one-third in 1980. Mining output, however, fell some 10 per cent in value last year, reflecting lower metal prices on world markets.

But the total inflow of direct private investment since independence is put at little more than £20m, according to the best available estimates. Euro-borrowings and credit lines for the import of capital equipment, on the other hand, are estimated at more than £500m, so that Zimbabwe has quickly moved from being one of the most under-borrowed countries in the Third World to a position where the debt service ratio is currently estimated at around 12.5 per cent of export earnings.

Much of this borrowing—export credits and loans to the parastatals—is not classified as part of Zimbabwe's central government foreign debt, which at September last year stood at £363m, up 30 per cent since independence.

Aid pledges, mainly over a three-year period, total Z$1.3bn (£950m). Only a small portion of these funds has been disbursed, but the rate of utilisation will step up as projects are approved.

Less than 10 per cent of these aid pledges came from non-Western sources. The major donors are the World Bank (22 per cent), Britain (14 per cent), the U.S. (13.5 per cent) and the European Community (9.4 per cent).

The country' trade pattern is similarly Western-oriented, with the important addition of South Africa, which is Zimbabwe's main trading partner. In the 13 months to September 1981, South Africa was Zimbabwe's main supplier, providing 25 per cent of total imports and purchasing 21 per cent of total exports.

Negotiations now in progress with Pretoria to extend the preferential trade agreement with South Africa, due to expire in a month's time, are thus important. Roughly one quarter of the country's exports of manufactured goods are probably covered by the agreement.

Balance of payments forecasts point to a tight position on current account in 1981 and again this year.

This means that private investment from abroad is needed on a substantially larger scale than hitherto to ensure that the economic momentum of the past two years is maintained.

Foreign investment decision-makers are more anxious about ownership, tax and profit remittably than about politics and the one-party state. They say they want an investment code which spells out the conditions under which private investment from abroad will be permitted.

Trade deficit for Malaysia

MALAYSIA recorded a trade deficit of 185.1m ringgits (£43m) for the first 10 months of 1981, the first time in 12 years that the country had shown a deficit for any period, AP-DJ reports from Kuala Lumpur.

The poor showing for 1981 was attributed to lower prices for Malaysia's tin, rubber, palm oil and other commodity exports, while the price of imported machinery and other goods from Japan, the U.S. and the European Community had risen.

Indian oil production

President Sanjiva Reddy of India said yesterday that Indian crude oil production during the current fiscal year ending March 31 is expected to be more than 50 per cent greater than the year before, AP reports from New Delhi.

He told a joint session of Parliament that the Government predicted production at 16m tons, up 10.5m tons on 1980-81.

Pemex in move to boost flagging crude exports

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

MEXICO'S STATE-owned oil corporation, Pemex, is to alter the mix of its oil exports to boost its flagging revenues from sales of crude abroad.

Mr Jose Luis Garcia Luna, a senior executive of Pemex's refinery division, said in London yesterday that in the course of this year the mix would be altered to comprise 60 per cent of the expensive Ithsmus light crude and only 40 per cent of the heavy Mayan crude.

At present, Mexico sells a 50-50 mixture of the two varieties at an average price of $30.75 a barrel.

Another Pemex executive, Mr Santiago de Leon, from the company's financial division, said that the change in mixture would allow the average export price to be maintained, even if oil prices dropped generally by another couple of dollars.

The present export price of Ithsmus is $35 a barrel. That of Mayan crude, which will increasingly be diverted to domestic refineries, is $26.50.

Mr de Leon admitted at a meeting of about 200 bankers that Pemex had faced considerable cash flow problems during the third quarter of last year, as a result of a plunge in the volume of Mexican oil sales.

As a result, its outstanding foreign borrowings more than doubled last year. At present, its external debt is about $20.5bn (£11.14bn) of which some $4.2bn is direct short term loans from banks.

The need to maintain revenues from oil is thus important, not only to Mexico's economy, but also to the balance sheet of Pemex, whose capital has not been increased since 1973. During this year, Pemex hopes to consolidate about $2bn of its short term debt into longer term finance, Mr de Leon said.

Oil exports during 1982 are planned to run at an average level of 1.5m barrels per day, but in January sales abroad were only just over 1m barrels, which means that they will have to be running substantially above the targeted figure of 1.5m by the end of the year.

Pemex is currently raising a $2bn credit in the Euromarkets, partly with a view to consolidating its short term debt. Bankers said yesterday that the credit was already over-subscribed by some $200m before the announcement that the Bank of Mexico would no longer support the peso.

United front to regime in Guatemala

By William Chislett in Mexico City

EFFORTS are under way to form the first united opposition front against the right-wing military dictatorship in Guatemala, the Central American republic wrecked by political violence.

Twenty-six prominent representatives of peasant, student, professional and intellectual groups covering a wide political spectrum announced in Mexico City on Wednesday the formation of the Guatemalan Committee of Patriotic Unity (CGUP).

Establishment of this political grouping follows last week's formation by the four Guatemalan guerrilla organisations of a united military front to the regime of General Romeo Lucas Garcia.

The CGUP is now discussing with the guerrillas a broad national front. A similar move in Nicaragua in 1978 was a decisive factor in that country's successful revolution.

The CGUP told reporters it supported the armed Left as it was convinced that violence was now the only way to defeat the government, which had closed democratic channels.

The move is important because, for years, the splintered opposition has been squabbling over how to overthrow the government.

If a common strategy can be worked out before the Guatemalan elections on March 7, as is the hope, this would present serious problems for the Government. An estimated 13,500 people were killed last year in the incipient civil war.

The U.S. is backing the elections and would like to renew military aid so that it can defeat the guerrillas and stop what Washington believes is Communist insurgency spreading through Central America.

The CGUP harshly attacked the Reagan Administration's policy towards Guatemala.

54 unfair trade cases dismissed

THE U.S. International Trade Commission has dismissed more than half the 92 unfair trade cases brought by the American steel industry against steel producers in the European Community and five other exporting countries, our U.S. Editor reports from Washington.

The commission said yesterday that 36 of the 38 cases to be pursued covered major items like plate, hot and cold sheet and structural products.

Seven U.S. steel companies last month filed anti-dumping or countervailing duty cases against 11 countries.

U.S. to cut funds for development banks

BY ANATOLE KALETSKY IN WASHINGTON

U.S. funding for multilateral development banks will be cut in real terms over the next five years, the U.S. Treasury announced yesterday.

Funding for the International Development Association, the soft loan arm of the World Bank, and the Inter-American Development Bank will be reduced even in money terms. But the African Development Bank and Asian Development Bank will receive small increases in their annual allocations in the next year, Mr Beryl Sprinkel, Under Secretary of the Treasury, said yesterday.

After a detailed review of the banks and their relevance to U.S. interest, the Administration has concluded that "U.S. participation has served to advance important economic, political and humanitarian interests."

But the U.S. intends to intensify pressure on the banks to pursue "market oriented philosophies," impose more stringent economic conditions on loan recipients and accelerate the rate at which recipients "graduate" from subsidies loans to "hard" loans at market interest rates and finally "mature" to total reliance on private commercial borrowing.

"We want to help more countries to help themselves, but we don't want to redistribute our wealth to them with zero results," Mr Sprinkel said.

"If we have a consistent policy and we don't talk politics but talk economic development, we will achieve the desired results," he said.

Within the total resources which the U.S. will make available—projected to fall from $1.5bn in 1983 to $1.1bn in 1987—the Administration will favour support for the "hard loans" operations of the banks at the expense of bigger cuts in "soft loans" activities.

In the medium term, the U.S. hopes also to phase out paid-up capital subscriptions to the banks and rely entirely on callable capital to back their market borrowing. This would save between $100m and $200m a year in U.S. Federal spending.

The increases in funding for the African and Asian Development Banks are based on the Administration's assessment of the Asian bank as the most efficient of the multilateral aid institutions and the African bank, while the least effective, as the one catering for the most needy borrowers.

West Canada separatists win Alberta by-election

BY JIM RUSK IN OTTAWA

WESTERN CANADIAN separatists have achieved their first political victory by winning a provincial by-election in a rural seat in the province of Alberta.

Mr Gordon Kesler, running on the platform of the Western Canada Concept, a party which advocates independence for the four Western provinces in Canada, defeated a candidate from the Social Credit party (WCC), which formerly held the seat, by 1,200 votes. The candidate from the Conservative Party, which forms the Alberta Government, trailed by 1,600 votes.

The victory was something of a surprise, as the fires of Western separatism appeared to have subsided over the past few months. Separatist rallies have been less well attended than last summer, when the nascent Western separatist movement drew huge crowds.

The Conservatives retain a stranglehold on the provincial legislature, with 73 of its 79 seats. But the WCC victory, in a by-election that brought out 75 per cent of the voters in the constituency north of Calgary, represents a stiff rebuff for the province's premier, Mr Peter Lougheed.

During his campaign, Mr Kesler directed almost as much of his fire at Mr Lougheed as he did at Mr Pierre Trudeau, the Canadian Prime Minister, who is the usual object of separatist attacks in the West.

Mr Kesler accused Mr Lougheed of selling out Western Canada by agreeing to a Canadian constitution that enshrines French as an official language.

However, the former rodeo rider, who is from the same small Alberta town as Mr Joe Clark, the former Canadian Prime Minister, also campaigned on an extremely Right-wing economic platform in which he described current Canadian economic policy as socialism inspired by Karl Marx.

Indonesia relaxes policy on contracts

By Richard Cowper in Jakarta

INDONESIA is relaxing its controversial counter-purchase policy, following criticism of the scheme by foreign contractors.

In a speech to British businessmen in Jakarta yesterday Dr Radius Prawiro, Indonesia's Trade Minister, said the total value of Indonesian non-oil commodities which foreign companies winning Government contracts are obliged to export under the scheme would amount to less than 3 per cent of the total value of Indonesia's international trade.

The Government projects 1982-83 trade—the scheme came into force on January 1—at around $51bn (£26.8bn). Three per cent of this comes to $1.53bn, roughly a 25 per cent reduction from the amount originally envisaged by the Minister when he announced the policy last December.

In private both Government officials and trade experts doubt the scheme will boost exports by any more than $1bn a year.

At the time Dr Radius said that the scheme would affect Indonesian Government contracts worth up to $4.5bn a year. Deducting concessional loans (which are exempt from the scheme) of some $2.1bn a year trade experts interpreted this to mean the Government was originally hoping that the scheme would boost Indonesian exports by at least $2bn a year.

But in recent weeks Dr Radius has been keen to clarify that the policy will be administered "reasonably and flexibly." In practice the Government has already increased the types of Government purchases exempt from the new policy and appears to be saying it is prepared to extend these further on a case-by-case basis.

Originally the policy stated that major Government construction and procurement contracts would be awarded only to those companies which agree to export "an amount of goods equivalent in value to the amount of their contracts."

But Dr Radius yesterday emphasised a change in the wording when he said that they would only be "required to export Indonesian products equivalent in value to the equipment and materials they bring into Indonesia."

The Government is undoubtedly committed to making the scheme work.

UNCERTAINTY CONTINUES OVER FUTURE OF CGCT

Threat to French telephone orders

BY TERRY DODSWORTH IN PARIS

CONTINUING uncertainty over the future of CGCT, the French telecommunications subsidiary of ITT, is endangering parts of a large telephone exchange contract won in Argentina.

CGCT is engaged in negotiations over the government's plans to nationalise the company. At the same time, the PTT, the French telecommunications authority, has not awarded it any contracts for the ITT group's new System 12 digital switching system.

This failure to win any orders in France is causing the company problems with sales overseas, because buyers want the assurance of a stable base in the supplying country.

In the case of Argentina, for example, CGCT says that it will only be awarded orders for System 12 products if it has first become a supplier to the PTT.

This condition imposes a long rather than short-term problem for the French-based company, since it has already won a 150,000-line contract for its electronic Metacont system. The agreement involves installing 12 exchanges in Buenos Aires and Cordoba, for which the materials will be manufactured in the Paris region and the north of France.

However, the Argentine authorities foresee changing part of this order to System 12 if and when France adopts the new technology, and there will then be the possibility of further contracts.

According to reports in Paris, CGCT has experienced similar difficulties over other potential export orders, notably in Singapore and Mexico.

Talks between the company and the French Government are expected to accelerate over the next few weeks now that the main lines of the nationalisation measures have been settled.

ITT has made it clear in the past that it would like to stay on in France, and argued that if it were allowed to do so, while selling to the French PTT, it would also export and safeguard some 7,000 jobs.

Trade in services to be examined

BY OUR WORLD TRADE EDITOR

THE UK has intensified its preparation for what is likely to be one of the chief trade issues later in the decade by setting up a special industry committee to examine international obstacles to trade in services.

The committee, established under the aegis of the Committee on Invisible Exports in London, meets formally for the first time today. It is called the Liberalisation of Trade in Services Committea and is chaired by Mr Malcolm Wilcox, a Midland Bank director.

The move is a response to the growing pressure, especially from the U.S., to bring trade in services on to the international negotiating agenda.

The U.S. hopes that the ministerial conference of the General Agreement on Tariffs and Trade (Gatt) next November will set off a process of enquiry into services trading which might lead to negotiations on liberalisation perhaps in the second half of the 1980s.

The City's response corresponds to moves within the Department of Trade to consider the disparate elements of trade in services less as a question of regulation and more as trade policy issue.

Gloomy outlook for Europe's bulk carriers

By Andrew Fisher, Shipping Correspondent

BULK CARRIER fleets based in northern Europe will be further depleted as the shipping recession worsens and their cost disadvantage widens, a London shipping consultant warned.

Since, 1973, said H. P. Drewry, overall manning costs of bulk carrier vessels had more than doubled. Far Eastern owners, as in Hong Kong, can operate much more cheaply.

Besides high crew costs, high tax and high general and administrative expenses in a developed country also played a part in the opening gap with Asian shipowners.

This gap had been widening, it noted in its latest monthly review.

For a 25,000 deadweight ton bulk carrier, daily manning costs for a Hong Kong flag ship were around $1,520 a day in 1980 with a 31-man crew against $2,450 for Norway (18 men), $4,145 for West Germany (26 men), and $5,745 for the U.S. (25 men).

Chinese submarines for Egypt

BY ANTHONY McDERMOTT IN CAIRO

EGYPT is to take delivery of two Chinese-built submarines next month, Admiral Mohammed Ali Mohammed, the commander of the Egyptian Navy, said in Alexandria yesterday. He was speaking after talks with Admiral Thomas Hayward, his U.S. counterpart who is on a visit.

The supply of the submarines from China is in line with Egypt's arms purchasing policy of diversifying its sources of supply. Thus, in recent years, it has been trying to replace the ageing Soviet equipment and has been buying equipment from the U.S. as well as Europe.

The Chinese-built submarines are of the Romeo class, an updated version of the Soviet Whisky class. Egypt already has six Soviet Romeos and six Whiskys.

This is not the first large delivery of Chinese arms. In 1979 Egypt signed an agreement with China for the supply of about 90 Shenyang F-6 fighters, a more modern version of the Soviet Mig-19. These were partly paid for by the swop of one of Egypt's Mig-23s. Today, of these F-6s 35 are in operation and the rest in reserve.

Border transit talks in Belgrade

BY ALEKSANDR LEBL IN BELGRADE

ALBANIA may open its borders for transit of Yugoslav vehicles for the first time.

Teams of transport experts, from the two countries are in Belgrade negotiating arrangements for road and other forms of transport.

Yugoslavia is insisting that Albania open its borders for transit of Yugoslav trucks as this would shorten by several hundred kilometres the distance they have to travel between the southern Adriatic ports which are bisected by Albania.

So far, Albanian vehicle have been crossing Yugoslavia en route to central Europe while Yugoslav vehicles have not been allowed into Albania. In addition, Albanian vehicles have been permitted to take with them reserves of petrol.

After relations between the two countries deteriorated a year ago as a result of Albanian support for the claims of Albanian nationalists in the province of Kosovo, the Yugoslav Government was criticised in Parliament and in the Press for accepting what was termed discriminatory and unequal treatment on the transit question.

Belgrade since has sought reciprocity, and it is understood an offer has been made to issue the Albanians 2,000 transit permits this year in exchange for 500 for Yugoslav vehicles.

The Albanians say they are ready to issue a number of transit permits as an act of good will.

The Albanians are making the most of a weak position. In the longer term, they want to connect their railway with the European network, but must do so through Yugoslavia. The Yugoslavs have had problems in funding the construction of a 10 km link between the Albanian border and Titograd.

A long-term solution to the transit question would help to normalise relations between the two countries.

Morgan Grenfell agrees to £160m loan for Nigeria

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

MORGAN GRENFELL, the London bankers, yesterday signed agreements for the loan of £160m to the Nigerian state of Kwara. The funds will be used to finance the establishment of a college of technology at Ilorin and an institution of mining and metallurgy at Itakpe.

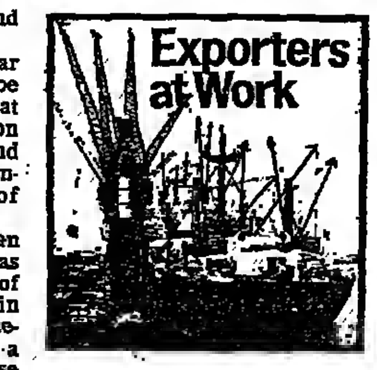
The main contractor is Capital Plant International (CPI) which is 75 per cent owned by Mitchell Cotts, the engineering, transport and trading group.

The signing ended two years of preparatory work by CPI to arrange a deal which is the second largest won by a British group in Nigeria.

The financing falls into two parts:

● An export credit of £95m, covered by the Export Credits Guarantee Department (ECGD), repayable over eight years from the completion of the project, at an interest rate of 7.75 per cent, to fund 85 per cent of the value of British goods and services;

● A syndicated Eurodollar loan of $130m (£71m), to be paid back over eight years at ⅞ per cent above the London Interbank Offered Rate, to fund Nigerian costs and the remaining 15 per cent of the value of British goods and services.



For Morgan Grenfell, the loan agreements mean that it has now arranged nearly $1bn of financing for business in Nigeria. For CPI the agreements are the final pieces in a jigsaw, fitting together diverse shapes ranging from site surveys to the provision of advice on teacher recruitment and the development of curricula.

This preparatory work cost about £250,000. The expenditure was made without any firm knowledge there would be a return on the spending. But the fact that CPI was ready to make that commitment gave it an edge over competitors.

Initially the competitors were two—Berenschot Moret en Bosboom of Tilburg in the Netherlands and an unnamed Czechoslovak company.

CPI had to draw in the skills of others to put the project together. The only project remotely like the Kwara scheme it had been involved in was an air force training school in Algeria.

So it turned to Intercam Science and Educational Projects, a Mitchell Cotts subsidiary set up two years ago, and to the British Council and the Polytechnic of Central London. Intercam will buy in the educational equipment from about 200 UK suppliers.

British Council and PCL will be providing the specialised educational support, and in the process will be strengthening a new link between the academic professions and commerce. The British Council is increasingly ready to ally its expertise in training programmes and staff recruitment to the demands of British business.

But both CPI and its educational allies have been caught up in the shifts of Nigerian economic policy caused by the weak oil market. Belt-tightening in Lagos led to the original proposal of £225m expenditure on the college and institute being scaled down by reducing student numbers. But it may be scaled up again this year.

That should not present financial problems. Original commitments for support from ECGD were based on a £225m project. Such commitments were made before the interest rates for subsidised export credits went up last November, leaving Kwara with a modest 7.75 per cent to pay on the export credit.

The key to the financial negotiations undertaken by Morgan Grenfell was the attitude of the Federal Ministry of Finance in Lagos, without whose guarantee there could be no ECGD cover of the export credits. The Ministry sought a longer maturity than eight years.

But it seems to have backed off this demand for two reasons. First, it met what appears to be an alliance among the European export credit guarantee agencies not to back credits to Nigeria for longer than eight years. Second, speedy movement on the project is vital both for political reasons—the need for visible development with elections in the offing—and for economic necessity.

William Chislett, recently in Managua, finds the Government facing fierce attack from three sides

Sandinistas' economy totters under a state of siege

THE Left-wing Central American Republic of Nicaragua is coming under increasingly fierce criticism from the U.S. and its own private sector for pursuing a Marxist line.

Without a great deal of evidence Washington accuses the ruling Sandinistas, who took power from the right-wing dynasty of General Anastasio Somoza in 1979, of funneling weapons to the rebels in nearby El Salvador. The U.S. has not ruled out military intervention or sanction against Nicaragua.

The Government has reacted by proclaiming 1982 the "year of unity against aggression."

Until now, the Government has reacted firmly against criticisms from the private sector, which supported the revolution until it became largely convinced that the Sandinistas were Marxists.

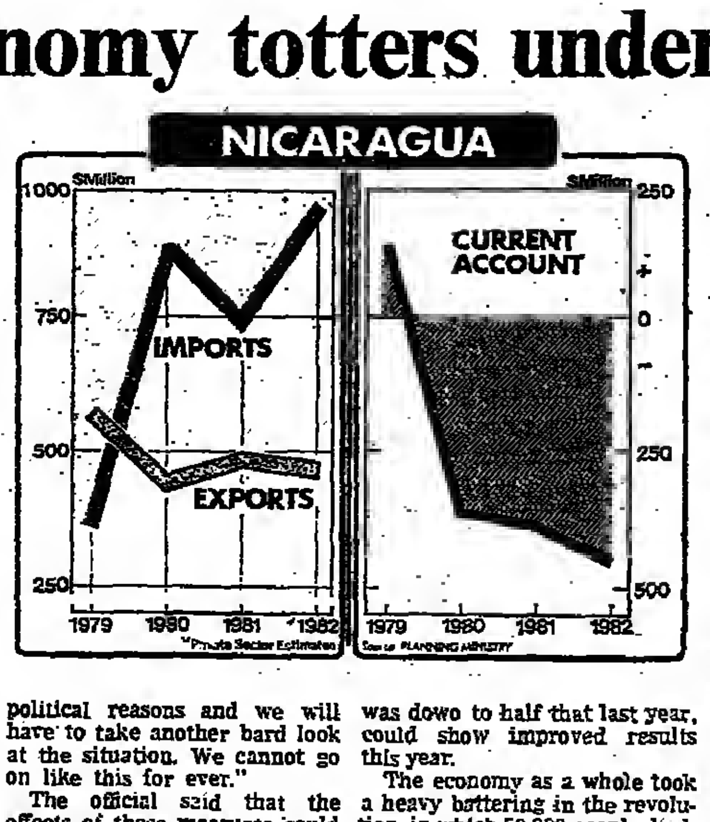
Three Nicaraguan businessmen were released from prison recently after serving four months of a seven month sentence for defying the country's state of economic emergency by writing an open letter calling the Government "Marxist-Leninist."

Yet the private sector is crucial to Nicaragua, because it controls about half of the tottering agricultural economy and is holding back capital investment until it sees a more pluralistic society and greater guarantees for private property.

For this reason, the Government announced a programme of business incentives this month—its biggest concession to the private sector so far. The package allows dollar receipts from exports to be exchanged at the parallel market rate, which is far higher than the official rate. It hopes that this will stimulate production and bring in more foreign exchange. Businessmen are also now allowed to import some items which the Government had not considered essential before.

But the measures have provoked fierce debate within the Government. It is feared that they might be inflationary, because more money will have to be printed to meet the extra needs for local currency they will create. Some of the more extreme Sandinista leaders also regard them as "too capitalist."

A senior Government official warned: "If production has not risen by mid-year, then we shall have to conclude that the private



political reasons and we will have to take another hard look at the situation. We cannot go on like this for ever."

The official said that the effects of these measures could be quickly detected. For example, cotton planting, which reached 500,000 acres in a good year before the revolution, and was down to half that last year, could show improved results this year.

The economy as a whole took a heavy battering in the revolution, in which 50,000 people died. In 1979, gross domestic product sector is holding back for fell by 35 per cent, while unemployment rose to 40 per cent, and the inflation rate hit 48 per cent.

Last year's cut-off in U.S. aid to the Government (but not to the private sector), the high cost of defence, which took up about 20 per cent of the budget in 1981, and the low level of productivity of the private sector are making an already critical situation worse, and forcing the Government to take greater austerity measures.

The top monthly salary in the public sector, which has doubled to 60,000 employees in three years, is still 10,000 cordobas—£543 at the official rate and £194 on the parallel market. Wage rises are being held below the rate of inflation.

Meanwhile, there has been an upsurge in the number of street sellers and makeshift bars, traditional indications of high unemployment. Sr Alfredo César, who heads the central bank, insists that unemployment was reduced to 15 per cent in 1981 and inflation to 24 per cent. The economy grew by 7.8 per cent last year, and the current account deficit was $390m, he said.

The economy is expected to grow by 5-6 per cent this year and the current account deficit increase to $450m.

However, a prominent private sector economist, who worked for the Government before quitting in disillusionment, doubted whether the economy would grow very much this year because of the continued low prices for Nicaragua's cotton, coffe and sugar exports and the low level of economic activity. He said unemployment was nearer 24 per cent and inflation 40 per cent.

About $250m in soft loans from multilateral institutions and friendly Governments has been contracted, but the further $200m needed to finance the deficit is not in sight. At the same time, Nicaragua's foreign debt has increased 50 per cent in three years to $2.4bn.

Whatever the true state of the economy, it is clear that the Government missed its 1981 targets by a wide margin. The aim was to reduce inflation to 12.4 per cent, to register 18.5 per cent growth in GDP and to run a current account deficit $100m less than it was.

The Sandinistas' bid for economic recovery is made more difficult by the fact that they are also under direct attack from counter-revolutionary forces outside the country. Earlier this month, 60 Sandinista soldiers were killed in fighting near the border with Honduras against former Somoza guardsmen, who had been making skirmishes into Nicaragua.

To counter threats like this, the security forces, including a voluntary militia, have grown to about 50,000—one in every 50 Nicaraguans—and they are keeping a high profile.

The army's arsenal includes about 25 T54 and T55 Soviet made tanks, and France has just agreed to sell Nicaragua $18m worth of military hardware.

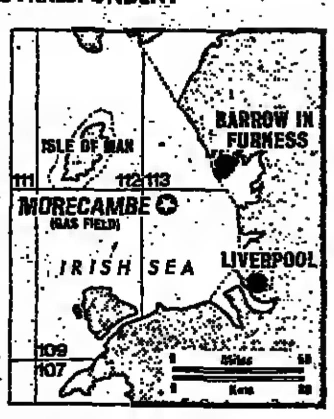
Faced with this three-pronged attack from Washington, the private sector, and former Somoza guardsmen, the Sandinistas are under siege.

Sandanista guerrillas: one in every 50 Nicaraguans is in the security forces.

British Gas £1bn Morecambe plan given go-ahead

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE GOVERNMENT has given British Gas the go-ahead for its £1bn development of the Morecambe gas field off the Lancashire coast. Some £900m worth of contracts have yet to be placed.



The Morecambe field, which has estimated recoverable reserves of 4.5 trillion (million, million) cubic feet of gas, is now expected to come on stream in 1984—10 years after British Gas first discovered it. Initial production will be at the rate of 600m cubic feet a day. This will be doubled towards the end of the decade.

British Gas plans for developing the field involve the use of a jack-up rig and slant drilling—the first time such a combination has been used in British waters.

The Morecambe field lies in water 100ft deep and is a comparatively shallow 3,000 ft below the seabed. Its depth meant that conventional drilling would have enabled gas to be drawn from only a narrow radius. But slant drilling will enable gas to be drawn from an area three times as big.

British Gas is planning to have about six slant drilling platforms, although the exact number has not yet been decided. There will also be one manned central processing platform, an accommodation platform and two pack-up drilling rigs.

Gas from the field will be carried ashore via a 30 mile pipeline to a terminal at Barrow-in-Furness on the Cumbrian coast. The terminal site has already been cleared but the main construction contracts have yet to be placed.

Orders for the two jack-up rigs—worth £18m and £19m respectively—have already been placed. Both are to be built on the Clyde by the French-based UIE. Further orders, worth a total of £20m, for the design of various platforms have gone to Matthew Hall Engineering and Worley-Atkins, both UK-based companies. But the major construction orders have not yet been placed.

British Gas started discussions on its Morecambe development plans with the Department of Energy a year ago. It intends to use gas from the field to top up supplies during the winter months when demand is at its peak. Production from the field, which covers blocks 110/2/3/7/8, will therefore be lower in the summer than in the winter.

Revenue from spirits well short of estimates

By Gareth Griffiths

GOVERNMENT revenue from spirits fell well short of estimated receipts in the first quarter of 1981-82. The total volume of releases from bond in the UK was down by 10.5 per cent compared to the same period the previous year.

The release figures announced yesterday by the Customs and Excise for April, May and June, 1981 were delayed because of last year's Civil Service dispute. Revenue was up by 2.5 per cent from the 1980 figure to £102.5m, but the Treasury estimated the increase at 10 per cent at the time of the 1981 Budget.

Releases of spirits in the first quarter were 7,538,300 litres, compared to 8,423,600 litres in 1980. Scotch whisky releases fell proportionately less—to 3,746,000 litres compared to 4,103,600 litres, a decline of 8.7 per cent.

The Scotch Whisky Association in its pre-Budget representations to the Chancellor, argued that a law of diminishing returns had set in on spirits taxation. Mr Donald Mackinlay, the chairman of the SWA's information committee, said the Customs and Excise figures showed that, if scotch had not performed better than other spirits, the increase in revenue would have been 0.5 per cent instead of the forecast 10 per cent.

The National Association of Health Authorities in England and Wales, in a paper published yesterday, argued that the Government should reduce alcohol consumption. It wants an increase in duty on alcoholic drinks, a reduction in the number of licensed premises and a ban on alcohol advertising.

Commercial vehicle output at 1949 level

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

COMMERCIAL vehicle production by both BL and Ford fell last year by more than one-third from the 1980 level. At Talbot and Vauxhall the fall was even more severe and approached nearly 50 per cent for each company.

Ford kept its place as Britain's major commercial vehicle producer, thanks mainly to the continued sales success of its Transit van.

Within the BL companies, Leyland Vehicles, the heavy commercial offshoot locked in a life-and-death struggle over job losses, outperformed the overall market. Its output fell 27 per cent compared with market declines of 41 per cent—to a level not seen since 1949.

The 54 per cent slump in production of commercials by BL's Austin Morris business reflects the difficulties faced by the Sherpa van last year mainly because of competition from the Japanese who have promised to hold back their efforts in Britain's van market in 1982.

UK COMMERCIAL VEHICLE PRODUCTION

Manufacturer	1981	1980
BL—		
Austin Morris	25,396	55,301
Land Rover	41,060	51,378
Leyland Vehicles	16,852	22,953
Total BL	83,308	129,632
Ford	85,324	138,373
Talbot/Dodge	8,457	16,334
Vauxhall/Bedford	48,311	96,424
Hestair Dennis	835	721
ERF	n/a	1,811*
Foden	613	1,340
MCW	641	618
Seddon Atkinson	1,353	2,943
Others	713	974
Total	229,555	389,170

* First nine months only.

Source: Society of Motor Manufacturers and Traders

Talbot's commercial vehicle offshoot, Dodge, was affected last year by uncertainties over its future. It was known that its French parent, Peugeot-Citroen-Talbot, was looking for either a partner or a buyer. Eventually, towards the end of the year, Renault's commercial vehicle subsidiary acquired 50 per cent of Dodge and took over management control.

Vauxhall's commercial vehicle subsidiary, Bedford, suffered very badly from the high value of the pound against most other trading currencies which hit exports last year.

The severe decline in output recorded by Seddon Atkinson, ERF and Foden is another indication of difficulties the UK heavy truck makers had in their home market in 1981.

ERF stopped providing the Society of Motor Manufacturers and Traders, which compiles the statistics, with figures after November 1980. But by subtracting the SMMT total from an estimate provided by the Department of Industry it seems ERF's output last year was about 545 compared with 1,841 in 1980.

Foden went into the receiver's hands in July 1980 but was acquired the following September by the American group Paccar. Production was started again in January last year after a six-month gap.

The only two UK commercial vehicle companies to show an increase in output last year were Hestair Dennis and Metro-Cammell-Weymann (MCW). In both cases sales of their double-decker buses benefited from problems at Leyland National, jointly owned by Leyland and National Bus Company.

UK offshoot of BMW increases profits

By Kenneth Gooding, Motor Industry Correspondent

TURNOVER of BMW's British subsidiary rose from £104m in 1980 to £137m last year and profits increased "roughly in line with turnover."

The company, BMW (GB), claims it was the most successful operating in the British new car market last year with a 27 per cent increase in unit sales from 13,451 to 17,086.

Dr Walter Hasselkus, the managing director, said yesterday that the company expected a further 11 per cent rise in car sales this year to 18,900.

He predicted that by the mid-1980s sales would be up to 25,000 to give BMW about 2 per cent of the British new car market.

However, BMW could be affected substantially by a growth in unofficial imports from the Continent, where prices net of tax are considerably cheaper than in Britain, or by pressure from the European Commission to bring car prices in various EEC markets more into line.

Dr Hasselkus insisted that BMW would put no obstacles in the way of individuals personally bringing in their cars from the Continent.

But he warned that unauthorised dealers were "dangerous" because "they sell cars without after-sales back-up and are looking for profit without responsibility."

Dr Hasselkus said EEC proposals to cut new car price differentials, could threaten the British economy. If British manufacturers had to reduce their home prices quickly BL might go out of business or require a further substantial injection of public funds.

Chambers of commerce start business names registry

BY JAMES McDONALD

THE LONDON Chamber of Commerce and Industry, in co-operation with the Birmingham and Cardiff chambers, is launching a national register of business names.

The scheme will come into operation on March 1 and is an attempt by private enterprise to take the place—at a profit, it is hoped—of the Government's Registry of Business Names, which will close down on February 26.

Under the 1981 Companies Act registration of business names by unincorporated businesses, individuals, companies or partners trading under a different name to that of the proprietor is no longer required.

Instead, such organisations are required to indicate on all business stationery, and to display at their premises, the trading name of the business and an address for service of official documents.

To fill the gap left by the official register the London chamber proposes to issue a Certificate of Registration, with the required details, to registered businesses. It is providing guidelines to help businesses amend their letterheads and stationery in accordance with the new law.

The London chamber, and others interested in the scheme, hope to acquire from the Public Records Office the Government's register of business names, which contained more than 2.5m at the last count in 1979.

The new registry will be administered from the chamber's head office in Cannon Street, EC4, from where all certificates and other documents will be issued for the time being, although it is expected that other chambers of commerce in Britain will join the scheme and issue their own.

The registry, to be called the LCCI Business Registry, will be operated for the LCCI by Computer Registry Searching Ltd.

At a Press conference in London yesterday, the chamber claimed that the new computerised registry would offer a more modern and more extensive service than the Government's register.

It will also be more expensive. The official register's search charge was £1, but LCCI is proposing an initial, computerised search of business names at £10 plus VAT.

The fee for registering a new business, which starts trading on or after March 1, will be £15 plus VAT. To register an existing business the annual fee is £10 plus VAT.

About 200,000 searches a year are made of business names, mainly by solicitors and banks.

Energy saving grants scheme starts taking off

BY MAURICE SAMUELSON

A GOVERNMENT grants scheme to provide £20m for energy saving projects has taken off after attracting little interest in its first three years.

The number of applications being considered under the Demonstration Projects Scheme has more than doubled in the past 13 months from 126 to 291. More than three quarters of the projects under review are expected to be carried out.

Under the scheme, launched in April 1978, the Government pays up to 25 per cent of the capital cost of a project involving new energy saving equipment or methods with wider relevance to industry and the building sector. Approved projects are monitored by government scientists.

However, even if all 291 projects are put into effect, they will still attract government grants of only £13m, compared with the £20m set aside in 1978. They will save the equivalent of 7m tonnes of coal a year.

The increase in inquiries in the second half of last year was due mainly to a strong promotion campaign by the Energy Department which sponsors the demonstration scheme with the Industry Department. The scheme has also been widened to include the building sector.

The Energy Department is urging companies to copy schemes which have proved effective. So far, it knows of only nine adaptations of successful schemes.

Industries which have shown interest in pilot projects include food and drinks, iron, steel and ferrous metals, bricks, pottery, cement and chemicals. One of the biggest grants, for £1m, went to Rugby Portland Cement for a low energy drying process.

There are currently 12 demonstration schemes involving the use of heat pumps and saving the equivalent of 9,000 tonnes of coal a year. The cost is just under £3m, with a Government contribution of £770,000.

The slow initial take off resembled the sluggish response to the £50m Government grants scheme for conversion of boilers from oil to coal.

● About 30 manufacturers of heat recovery equipment this week launched a new trade body called the Energy Systems Trade Association. Its director will be Dr Glen Brookes, a scientist previously at the Government's energy technology support unit at Harwell.

NHS plans could be affected by cash controls

By Gareth Griffiths

THE GOVERNMENT'S policy of devolving health responsibilities to district authorities, in the National Health Service reorganisation in April, could be undermined by new Department of Health and Social Security financial controls.

Mr Norman Fowler, the Health Secretary, has introduced a departmental review of the long-term plans, objectives and effectiveness of the 14 English regional health authorities. The annual review will be at ministerial level. The aim "is to hold regional health authorities to account for the ways in which resources are used in their regions and for the efficiency with which services are delivered."

The 14 regional health authorities have a budget of £8.2bn in 1981-82 to be spent on hospital and community health services. Successive reports from the House of Commons Public Accounts Committee and the Exchequer and Audit Department have indicated concern over the way some NHS money is spent.

NHS officials believe the service is subject to two conflicting pressures in the run-up to the reorganisation. One is the concern of MPs over an apparent lack of control over spending, and the other a drive towards greater decentralisation in NHS.

The reorganisation in April is described by the Government, particularly Dr Gerard Vaughan, the Health Minister, as a great step towards restoring power to the health service's grass roots. But there is concern that changes could lead to upward pressures on spending as was the case with previous governmental reorganisations.

The Northern Regional Health Authority is being used by the Government to test the "new" monitoring system. The indicators of health service performance will be used for comparisons with other health authorities. The authorities will be able to make improvements in sectors where they or the districts are underperforming.

District health spending is already limited and the power of the authorities will stem from their ability to reduce resources to districts if they fail to meet performance and financial targets.

The scheme is expected to be operational in all 14 regions by next year.

Government likely to ask for oil royalties in cash

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT is expected to change its policy on royalty payments in an attempt to avoid selling state owned oil on the depressed spot market.

The operators of three new North Sea fields are preparing to make royalty payments in cash rather than as crude oil to be traded by British National Oil Corporation.

Such a move would reverse government policy. In order to maintain state control over much of the North Sea's output, the Treasury and the Energy Department have asked producers to provide BNOC with 12.5 per cent of their output. This oil—royalty in kind—is either sold back to the producers or traded by BNOC on the open market.

But with the market now awash with oil the Government may take some of the royalty payments as cash and let producers dispose of the crude.

The three fields likely to be affected by this new policy are the Fulmar and North Claymore discoveries, operated by the Shell/Esso group, and the Beatrice Field operated by a BNOC led consortium.

BNOC is the major trader of North Sea crude. Last year it handled more than 1m barrels a day. This oil is drawn from its own equity interests, state participation deals, third party trading agreements, and royalties.

The corporation sells about 250,000 b/d of royalty oil—worth about £4.75m a day at current prices—on behalf of the Government.

So far BNOC has been able to trade all its crude at full contract rates. But it is understood that with North Sea output increasing and industry demand still in the doldrums, the corporation may soon be forced to sell cargoes on the spot market. The spot price of North Sea crude has fallen to about $29 (£15.80) a barrel.

The Government is concerned that its royalty entitlement might be reduced if it sticks rigidly to present policies.

Mr Ted Rowlands, Opposition energy spokesman, told the Commons Standing Committee on the Oil and Gas (Enterprise) Bill there were rumours that the Government was about to change its royalties policy. He told the Financial Times last night a switch in policy would impair security of supplies and hit the financial stability of BNOC's trading operations.

● The Government said yesterday it had appointed three UK consultants to evaluate BNOC's exploration and production interests prior to the public sale of a majority stake in the organisation. The companies are: Energy Resource Consultants, Robertson Research International and Scott Pickford and Associates.

Capital spending of British industry fell by 5% in 1981

BY ROBIN PAULEY

CAPITAL spending of British industry fell by 5 per cent in 1981 compared with the previous year. The total run down in stocks of finished goods and raw materials was, however, on a smaller scale than in 1980.

Although investment levels and destocking reflect the depth of the recession's effects, there are marginally encouraging indications in the figures for the last quarter of 1981.

Department of Industry figures published yesterday show the volume of fixed investment of manufacturing, distributive and service industries was £9.75bn in 1981 compared with £10.22bn in 1980 at constant 1975 prices and seasonally adjusted.

The fixed investment for the fourth quarter of 1981, however, was £2.45bn, more than 1 per cent higher than for the third quarter. This slight upturn is repeated in investment in manufacturing industry which was £879m in the fourth quarter—a rise of 1 per cent over the third quarter and the first rise after seven successive quarterly falls.

However, this figure includes the leasing of assets by manufacturers from the service industries. Excluding these, the fourth quarter figure is £704m, marginally lower than the £705m in the third quarter, nearly 13 per cent below the last quarter figure for 1980 and about 30 per cent down on the last quarter figure for 1979.

Distributive and service industries investment continues to rise. The 1981 investment of £6.69bn was an increase of 3 per cent over 1980, continuing the substantial growth in spending in this sector—although at a lower rate of increase than the 10 per cent in 1980 and 17 per cent in 1979. Capital expenditure on plant and machinery rose by more than 9 per cent and new building work by 2 per cent to more than offset the 8 per cent reduction for vehicles during 1981.

The rate of fall in stock level slowed dramatically during 1981. The total reduction was £1.06bn compared with £1.88bn in 1980. The lion's share of the 1981 fall occurred in the first half—£860m compared with a fall of only £100m in the second half.

The drop in industry's stocks in the last quarter of 1981 was £20m (at 1975 constant prices seasonally adjusted), the smallest quarterly fall in two years of continuous destocking.

A rise of £120m in retail stocks was not enough to offset the decrease of £125m by manufacturers and £19m by wholesalers in the fourth quarter. The level of restocking by retailers is the highest since the end of 1979.

INVESTMENT AND STOCKS
£m at 1975 prices
Seasonally adjusted

		Capital spending	Change in stocks
1978		9,002	+641
1979		9,973	+742
1980		10,217	−1,881
1981	1st	2,416	−442
	2nd	2,453	−518
	3rd	2,422	−78
	4th	2,454	−22

Figures cover manufacturing and distribution (and service for investment).

Source: Department of Industry

Laker in move to transfer licences

By Lynton McLain

SIR FREDDIE LAKER made his first move yesterday to set up a company framework for his proposed People's Airline. He wants to make a new company, Breopage, the official holder of the former Laker Airways' air transport licences.

Breopage, a limited company, was formed on February 4, the day before Sir Freddie decided to cease the operations of Laker Airways, and Clydesdale Bank put the airline into receivership.

Sir Freddie has made his request to the Civil Aviation Authority, the UK air transport licensing organisation, which suspended the Laker Airways licences on Wednesday, subject to 21 days notice to allow for appeals to Mr John Biffen, the Trade Secretary.

The CAA said yesterday that it had received an application "to vary the licences granted originally to Laker Airways, so as to substitute the name of Breopage as holder of the licences instead of Laker Airways."

It is understood that Lonrho, Sir Freddie's prospective backer for the People's Airline, is not directly involved in Breopage.

Breopage was registered by ICC Legal Services, a company registration agency in the City. The nominee directors of Breopage, before the sale to Sir Freddie, were Mr J. H. Nixon and Mr M. N. Ryden, both employees of ICC Legal Services.

Mrs Robin Flood, formerly publicity officer for Laker Airways, said on behalf of Sir Freddie Laker, that the Breopage company had simply been "bought off the shelf."

The application by Sir Freddie to the CAA to vary the existing air transport licences was made under regulation 17 of the Civil Aviation Regulations 1972. This permits air transport licences to be transferred to another company when the airline business involved is transferred to it as a result of "company reconstruction."

The CAA intends to publish the formal application to vary the licence in its official record on Tuesday. After that 21-days will be allowed for objections and representations

Eight small NEB companies partly sold to new group

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

EIGHT OF the National Enterprise Board's smaller companies have been partially sold to a group of private sector institutions headed by Equity Capital for Industry, the British Rail pension funds and County Bank.

These three institutions have become equal shareholders in a company called Grosvenor Development Capital, which was set up by the NEB last year to take over the eight companies as a first step towards their partial sale to the private sector.

The institutions have subscribed a total of £7m in Grosvenor and the NEB has invested £3m, based on a valuation of the companies. Now Grosvenor is to be developed as a source of capital for unlisted companies.

Grosvenor's new owners held their first Board meeting yesterday and three further possible investments were examined.

About three or four companies, with turnovers ranging from £350,000 to £5m are expected to be added to the portfolio every year, with individual investments averaging £500,000.

The NEB regards Grosvenor as a vehicle by which to float off its smaller investments as they become profitable. The other institutions are interested because they gain access to the technological skills of the NEB (now part of the British Technology Group) and its partner, the National Research Development Corporation.

"This company will provide funds for high technology companies which are ready for their second stage of financing," Mr Tony Lorenz, a director of Equity Capital for Industry, said yesterday.

The development is in line with the Government's policy that the NEB should sell its profitable investments and should find private sector partners wherever possible for new investments.

The eight companies have a combined turnover of £14m and, with the exception of one which is just breaking even, are all profitable. This leaves the NEB with more than 20 other investments which are not successful enough yet to be attractive to private sector investors.

The eight are: Burndept Electronics of Kent, which manufactures radio equipment; Doyce Electronics of Norfolk, which makes engine testing equipment; F. W. Elliott (Holdings) of Surrey, which makes clocks; Hydraroll of Gwynedd, which makes commercial vehicle components; Powerdrive of Warwickshire, which makes power transmissions; Innotron of Oxford, an instrumentation manufacturer; Sonicaid of Sussex, an ultrasonics equipment maker; and Thandar (formerly Baviscrown) of Cambridgeshire, which makes test equipment.

Pension Investment Conference

Lord Benson says banks share blame for failures

BY CHRISTINE MOIR

THE BANKING community, institutional shareholders, and the Government must share the blame for failures in British companies, according to Lord Benson, the Bank of England's industrial adviser.

"The debt/equity ratio of many companies is now uncomfortably, if not dangerously, high," he told the Pension Investment Conference in Eastbourne yesterday.

A company's bankers should be the first to know that its affairs were deteriorating, but all too frequently this was not the case.

"Companies are now inclined to use the facilities of a large number of different banks and unfortunately there is no lead banker who has a comprehensive overall view of the company's affairs. This situation leaves much room for improvement."

Lord Benson criticised institutional shareholders for failing to grill management at annual meetings. He admitted it was not practical for shareholders to supervise management directly but they had failed adequately to use the main forum they had to ensure that their investments were properly managed.

"The annual meeting is "a salutory exercise which has a powerful and continuing effect on the minds of senior management. Unfortunately it often happens that no questions are put at general meetings."

Lord Benson urged institutional shareholders to pose penetrating questions at annual meetings, particularly on the payment of dividends where current cost profit figures show them to be unjustified or where debt equity ratios have become imprudently high. They should also press companies to appoint non-executive directors who would form audit committees.

The institutions' failure to use the annual meeting left them open to serious criticism.

He was scathing about the Government's role in monitoring companies. It had only a sporadic involvement in companies' affairs, mostly after the horse had bolted.

Couple charged with insider dealing

By John Moore

TWO PEOPLE have been summoned by the Department of Trade charged with committing "insider" dealing offences in the shares of Joseph Stocks and Sons (Holdings), an importer of butter and bacon.

It is the first time action of this nature has been taken by the Department of Trade in England following the creation of legislation for insider dealing in the Companies Acts.

The summonses have been taken out against Mr John William Titcheridge and his wife Mrs Joyce Titheridge. Mrs Titheridge is the alleged offence took place a secretary to a corporate finance director at Hill Samuel, the merchant bank.

Mr Titheridge is charged with two offences of dealing in the securities of Joseph Stocks and Sons contrary to section 68 (3) and section 72 of the Companies Act of 1980.

The charge reads that "on or about December 11, 1980, having knowingly obtained information directly or indirectly from Joyce Titheridge who was connected with Joseph Stocks and Sons Holdings "—through the business relationship of the company with Hill Samuel—"knowing the information to be unpublished price sensitive information in relation to the ordinary shares of Joseph Stocks and Sons Holdings, you purchased 12,500 ordinary shares contrary to section 68 (5) and 72 of the Companies Act 1980."

A second charge against Mr Titheridge says he counselled or procured another person to deal in the ordinary shares of that company "knowing or having reasonable cause to believe he would deal in them on a recognised Stock Exchange contrary to section 68 (6) and 72 of the Companies Act 1980."

The single charge against Mrs Titheridge is that she held information by virtue of her employment and which it would be reasonable to expect her not to disclose, and which she knew to be unpublished price sensitive information in relation to the securities. She is alleged to have counselled or procured Mr Titheridge to deal in the securities.

Hill Samuel said last night that Mrs Titherige had worked with the company between October 1979 and January 1981.

Share dealings in Joseph Storks were halted on December 15, 1980. The following day an agreed takeover bid, worth £3.88m from Fitch Lovell; the Key Markets group, was revealed.

The crackdown on insider dealings in the City of London is likely to continue this year and the Department of Trade is looking at other cases where such dealing, which involves making a profit on price sensitive information not generally available, is suspected. The Stock Exchange is also making regular inquiries into suspicious share price movements.

Judge surprised by ACC pledge to Holmes à Court

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A JUDGE yesterday expressed surprise that directors of Associated Communications Corporation should have signed a declaration restating their support for Mr Robert Holmes à Court's takeover bid for ACC when the legal dispute over it was due to go before the Court of Appeal.

Lord Justice Templeman asked if a report in Wednesday's Financial Times, quoting the declaration in full, was accurate, and, if so, whether the directors had signed it.

Mr Richard Sykes, QC, for the directors, said it was correct. The declaration had been signed by all the defendant directors except Lord Matthews, and Sir Len Phatsky.

Lord Justice Templeman: "It seems to me a rather surprising document for directors to sign a week before this appeal came on—especially when we see evidence that they are very anxious to see that the shareholders are protected."

His remarks were made on the third day of the appeal by Heron Corporation against a High Court refusal to grant temporary orders stopping the directors transferring their ACC shares to Mr Holmes à Court.

At Lord Justice Templeman's suggestion both Heron and Mr Holmes à Court undertook to stand by the offers they made for the ACC shares.

Such undertakings, the judge said, would remove the danger of shareholders not getting at least the 66p in Mr Holmes à Court's first offer or the 85p in the first Heron offer.

"I don't want to find that, in the pursuit of justice, at the end of the day the unfortunate shareholders don't even get their 66p a share."

The court yesterday heard new evidence from Mr Holmes à Court. He said that, in reliance on the ACC directors' irrevocable commitment, his company — Bell Group — had assumed very large financial and managerial obligations towards ACC that it was virtually impossible to reverse.

The takeover panel had said the directors' undertakings did not offend the City code, and he had undertaken to the Office of Fair Trading that Bell was committed to manage ACC and to preserve its commercial significance and its role as an employer in the UK.

Mr Holmes à Court denied a suggestion that his second offer was "illusory" because there was no prospect of it being accepted by Bell's Australian associate, TVW, which holds 51 per cent of the ACC non-voting shares.

The hearing continues today.

Bank lending to private sector helped boost M3

BY WILLIAM HALL

A FURTHER sharp rise in sterling bank lending to the private sector and a sizeable inflow of funds from abroad are the main factors behind the 1.7 per cent rise in sterling M3 in January.

The £1.4bn rise in sterling M3 is the biggest for several months. The figures, published yesterday, are in line with preliminary estimates released just over a week ago, but the underlying figures are unlikely to give the authorities much comfort.

The January figures cover a six-week period and continue to be distorted by the effects of the civil servants' dispute. About £250m of delayed taxes were collected in the month and another £3.25bn remain outstanding.

Over the last two months—a period the authorities feel is more representative—sterling M3 has grown by 1.9 per cent or at an annual rate of just over 12 per cent. This is noticeably less than the 15.7 per cent annual rate since the beginning of the target period in February, but is, nevertheless, well above the official target of 6-10 per cent.

The January figures also show that some of the other monetary aggregates are beginning to grow more rapidly. M1, which had been growing fairly quietly in the early part of the year, rose by £630m or 1.8 per cent last month.

Money supply per cent rises (seasonally adjusted)

	Jan.	Since Feb. annual rate	Last 12 months
M1	1.8	10.0	10.6
£M3	1.7	15.7	14.7
PSL 1	1.3	14.5	13.3
PSL 2	1.1	12.4	12.2

Over the last 10 months its annual growth rate comes out at 10 per cent. A third of the rise last month was in interest bearing deposits, and the non-interest bearing component of M1 grew by 1.5 per cent.

The wider sterling liquidity aggregate PSL2 (which is less distorted by the Civil Service dispute than sterling M3) rose by 1.1 per cent and has been growing at an annual rate of 12.2 per cent in the last year.

The Central Government borrowing requirement was £60m but the rest of the public sector borrowed heavily from market sources and reduced its holdings of central government debt.

However, it is the buoyancy of sterling bank lending to the private sector—up £1.68bn after seasonal adjustment—which stands out in the figures. The Bank of England made substantial purchases of commercial bills and bill finance accounted for about £600m of the rise in sterling lending.

Crop-spray aircraft launched

By Max Commander

THE FIRST crop spraying aircraft to be designed in Britain since the mid 1950s was unveiled at the Royal Aircraft Establishment, Farnborough, yesterday.

The Fieldmaster was designed and developed by NDN Aircraft in the Isle of Wight, well known for its successful Islander aircraft. It is the biggest plane in its class, and will sell for about $400,000 (£217,000).

The plane has a 50ft 3in wingspan and is powered by a Pratt and Whitney turboprop engine. It has a range of 700 miles (1,297 km) and a 93.3 cubic ft titanium tank for fertiliser, pesticides or herbicides.

Mr N. D. Norman, the company's chairman, who designed the aircraft, said yesterday the decision to go for bigger aircraft was dictated by the growth of world population. Estimates suggested that by the end of the century at least twice the present spraying capacity would be needed.

This did not necessarily mean more aircraft, but a trend towards aircraft able to carry bigger spraying loads with greater ranges which did not need to make frequent refuelling stops.

Rodgers attacks NEDC's 'ineffective' machinery

BY CHRISTINE MOIR

THE MACHINERY of the National Economic Development Council probably needs dismantling, Mr William Rodgers, joint leader of the Social Democratic Party, said yesterday.

It had been devalued and made ineffective because Government, the TUC and the CBI used it merely as a forum for presenting formal statements and reactions.

In its place his party would be looking for a unique, new relationship with industry in which all sides—labour, management, and the institutional shareholders representing the owners—would participate.

Mr Rodgers was outlining his personal views on economic and trade problems to the pension fund investment conference at Eastbourne. He emphasised that he was not committing the SDP to a detailed manifesto, but as chairman of the SDP's Industrial Policy Committee his view is likely to form a substantial part of the green papers on the SDP's economic and industrial policies which the party plans to publish in May.

Pension fund managers at the conference showed visible relief at Mr Rodgers' belief that Government "should not interfere in areas where it has no competence." In particular, he said, a government should not try to control investment or investment decisions, including whether to invest abroad.

Nevertheless the SDP seems to think there could be room for a new financial institution which could make money "more easily and perhaps more cheaply" available to industry—a statement seen as quiet support for the TUC's proposals for a British investment bank.

Among other ideas aired by Mr Rodgers were the extension of the NEB as a holding company for nationalised industries, the appointment of an audit commission to investigate pricing and efficiency in nationalised industries, and a trade policy somewhere between "Gladstonian free trade" and high tariff walls.

Halliday inquiry continues

By John Moore

INQUIRIES into the Halliday Simpson affair are continuing, Sir Nicholas Goodison, chairman of the Stock Exchange, said yesterday.

There was no indication of when they would be finished. "We have a number of leads to be followed up and a number of outside people are involved. This does not mean they have done anything wrong, but one wants to get to the bottom of certain patterns of dealing."

The Stock Exchange would not "leave stones unturned that need to be turned."

The Stock Exchange still intended to publish a report on the investigation. Its recent internal report on the firm had not been shown to the police or any other regulatory body. Sir Nicholas declined to comment on any internal disciplinary proceedings.

Sir Nicholas said the Stock Exchange needed no legal immunity to protect its regulatory council from suits for damages from its members. "We have qualified privilege and all our members sign an agreement accepting our rules. All we have to demonstrate is that we are not acting in a capricious or arbitrary manner."

The Halliday Simpson investigation started after Chieftain Unit Trust group asked the Stock Exchange to look into dealings which came to light during an investigation into "put through" deals.

A report concluded that disciplinary action should be brought against seven former partners of Halliday Simpson, which was suspended by the Exchange last July.

He was critical of a report prepared by Professor Jim Gower on investor protection which urged tougher controls. It proposed, he said, "a very radical change. One has to ask the question is it going to serve a useful purpose to go that far? I cannot accept that we need government control." The Stock Exchange would be making suggestions about ways in which the present legislation might be revised.

Investment capital sought by state microchip concern

Jason Crisp and Louise Kehoe look at the daunting economic hurdles that Inmos will have to clear

INMOS, the State-backed microchip company and Britain's hope to establish itself in the world market for semiconductors, is seeking new investment capital this year to support its unprofitable operations. Company and Government policy means it will have to find private money to finance expansion.

The biggest problem on the horizon for Inmos will be trying to persuade potential investors it is a truly credible force in the semiconductor industry. Dr Richard Petritz, founder and president of Inmos, said in California he hoped to make the company an attractive investment proposition by the end of the year.

At the moment a number of observers believe the prospects are not good. Analysts in both the UK and the U.S. are sceptical of the Inmos ability to become profitable.

The semiconductor industry has been in considerable difficulty for more than a year. Demand has fallen and output prices have plummeted dramatically. At the same time U.S. semiconductor companies have maintained heavy capital investment and research and development programmes so as to fend off Japanese competition.

The major U.S. semi-conductor companies are struggling to make a profit on chip manufacture. Inmos products available have to sell in the most fiercely competitive sector of memory chips. It is just entering the market for 64K dynamic random access memories, which can store more than 64,000 units of information.

Inmos has to catch up with U.S. and Japanese competitors which are already carving up the market for 64K random access memories in a price war which has left many major U.S. manufacturers sitting on the sidelines licking their wounds. At present, Japanese suppliers hold 70 per cent of the world market.

Inmos says the market for 64K random access memories will grow dramatically and the Japanese will lose their dominant share to the U.S. and to them.

Inmos believes it can win 5 to 10 per cent of the world market.

One problem is that the next generation of memory chips 256K random access memories appear to be arriving more quickly than expected. Three Japanese companies are circulating samples of 256K random access memory chips and Motorola in the U.S. is planning to introduce its 256K random access memory in September. Inmos is developing a 256K chip but will not be ready to introduce it for some time.

At present, Inmos sells 16K random access memory chips which it makes at its plant in Colorado Springs. Sales are running at over $1m a month and the company says it can sell every chip it can make. Production of 64K random access memories will begin in Britain later this year at its factory which is being completed at Newport, Gwent.

Inmos strategy has always been to offer high performance chips commanding a premium. And although the company attracts an inordinate amount of vilification, the ability of its designers is highly respected.

Inmos hopes one key area to success lies in its first microcomputer. Dr Iain Barron, one of the co-founders of Inmos, recently described the Inmos microcomputer at a conference in Massachusetts.

Mr Benjamin Rosen, one of the leading U.S. watchers of the world semiconductor industry, said it was a show stopper. The head of research of one of the leading U.S. semiconductor companies said he only went to the conference to learn what Inmos was doing.

Dr Barron calls the microcomputer he is developing a "transputer."

The transputer is markedly different from any microcomputer being sold. A large part of the microchip is memory with a small but powerful central processing unit. The chip is capable of processing very large amounts of information as it crosses chip boundaries.

It means the transputer can process large amounts of information quickly. This is particularly useful in applications such as video, telecommunications and car engine controls.

But the transputer will not be built until 1984 although Inmos will be talking to potential customers about it next year. Dr Petritz, who is a skilful negotiator, will have to persuade doubting investors that the company's technological brilliance can be profitable before then.

Jenkin call for companies to aid small businesses

BY TIM DICKSON

A CALL for big companies to help small ones was made yesterday by Mr Patrick Jenkin, Secretary of State for Industry.

If big and medium companies are to flourish, "they need a flourishing small-firms sector alongside them," he told a lunch organised to mark the end of the Government's business Opportunities Programme.

Since May last year, more than 70 conferences have been held up and down the country in the programme to encourage small business.

Mr Jenkin identified the main areas where large firms could get involved in the small firms sector.

● MANAGEMENT EXPERTISE. Based on the experience of the Small Firms Service in his department, Mr Jenkin detected "a huge demand from small firms for advice." Large companies could contribute by seconding managers to small businesses, either full or part time, or by seconding staff to local enterprise agencies.

● BUSINESS PREMISES. The lack of proper premises was a major obstacle to people setting up on their own or expanding out of the garden shed or railway arch, Mr Jenkin said.

● FINANCE. The problem was not just one of raising capital. "Even more important for small firms is having their bills paid promptly."

● PURCHASING. "The overriding need is to strengthen communications between purchasers and suppliers," particularly for smaller firms because of their limited management and marketing resources.

TUC 'will not withdraw' from Neddy

John Lloyd looks ahead at a crucial week of decisions for unions

TUC OPPOSITION to the Government's forthcoming Employment Bill is now certain to stop short of withdrawal from the National Economic Development Council, (Neddy) the country's main tripartite forum.

The draft, prepared by the TUC, says that membership of tripartite bodies "afford a measure of influence" and that the NEDC "at a minimum is a valuable public platform."

It continued: "There are indications that the more reactionary members of the Government would like to see withdrawal by the TUC.

It concedes that the recent replacement by Mr Norman Tebitt, the Employment Secretary of the widely respected Sir Richard O'Brien as chairman of the Manpower Services Commission by Mr David Young was a provocative move, but insists that withdrawal from this and other tripartite bodies should only be undertaken if it is judged to be in the long-term interest of the unions.

A draft paper for next Monday's meeting of the TUC's Employment Policy Committee (Epoc) says that while the General Council "understands the view that no constructive dialogue can take place" with the present Government, it does not recommend withdrawal.

The paper does propose empowering the General Council to organise widespread industrial action if one union is faced with legal action by an emloyer under the terms of the new legislation—but stresses that support will not be automatic and that disputes must satisfy certain criteria before the General Council authorises solidarity.

However, the paper says that union nominees on industrial or employment appeal tribunals should not take part in cases arising from the Employment Bill once it becomes law.

The draft paper, if approved by Epoc and the General Council, will go to a special conference of union executives on April 5. This will take the final decisions on the posture the unions will adopt towards the legislation and may differ from those taken by the General Council.

The main action proposals, which will be voted on separately by the conference, are:

- Unions should affirm their support of the TUC campaign against the employment legislation.
- Unions will not obey the provisions in the legislation on the closed shop. These lay down regular reviews of existing closed shop by secret ballots of its members, and outlaw "union labour only" clauses in contracts.
- Unions will not accept state funds for the holding of ballots.
- In the event of a union facing legal action by an employer under the terms of the new legislation, it should consult with other unions with a view to obtaining the necessary support.
- When the General Council receives a request for assistance from a union under attack, it is empowered to (a) co-ordinate action by other unions and if necessary call for industrial action against the employer, "or more widely"; and (b) provide financial assistance to unions which run into financial difficulties as a result of such action.

To provide the funds for support, the draft paper calls for a levy of 5p per member, sufficient to create a "war chest" of over £500,000.

A separate paper prepared for the TUC's "inner Cabinet," the Finance and General Purposes Committee—which also meets next Monday—demonstrates further the dominance on the General Council of a centrist grouping of unions, which includes the General and Municipal Workers and the big white-collar unions, ASTMS and Nalgo.

It proposes a series of options for ushering in a new structure for the General Council to conform to the principle of automatic representation on the council for all unions above 100,000 members.

This move, proposed by the Post Office Engineering Union and voted in at last year's Congress, would replace the present system which favours small unions at the expense of the medium-sized.

It has been bitterly opposed by the left on the Council, who have branded it as unfair on small unions and likely to produce an over-large and cumbersome Council.

It is now thought likely that the paper proposing progress in one of a variety of ways towards the goal of automatic representation will be approved by the F and GP, and by the General Council next Wednesday.

However, the unions opposing the move — including the largest, the Transport and General Workers—are certain to fight it hard.

Long-haul flights hit by BA staff action

By Brian Groom, Labour Staff

FOUR British Airways intercontinental departures were delayed yesterday morning when Terminal 3 loaders — who handle long-distance services—staged a one-hour stoppage in support of colleagues at the European and domestic terminals.

The 2,000 ramp workers at terminals 1 and 2 claim to have been locked out in a dispute which began on Tuesday of last week over BA's attempt to introduce new work schedules so it can implement voluntary redundancies.

BA was expecting another four flights to be delayed yesterday evening.

The ramp workers have so far achieved little success in attempting to escalate their official dispute however. BA yesterday operated 84 per cent of European and domestic services with the help of volunteers loading baggage. It expects to achieve 88 per cent today with only 15 departures and 15 arrivals cancelled.

London bus and Tube unions call protest strike for March 10

BY BRIAN GROOM, LABOUR STAFF

LONDON TRANSPORT unions yesterday called a one-day bus and tube strike for Wednesday, March 10, in protest against cuts in services, job losses and the doubling of fares following the Law Lords' ruling against the Greater London Council's cheap fare policy.

Further one-day strikes have not been ruled out by the London Transport trade union defence committee, which groups 14 unions representing nearly all the 60,000 LT workers.

Refusal to collect fares on selected days—a tactic favoured by the National Union of Railwaymen, one of the biggest unions on the committee—is still being considered.

Mr Andy Dodds, NUR assistant general secretary and joint secretary of the committee, said this might happen on March 11 to coincide with a lobby of Parliament.

Sir Peter Masefield, chairman of London Transport, appealed to staff to "think again" and call off the strike. "I well understand their motives and concern, which I share, but a strike could only bring hardship to passengers and could inconvenience other trade unionists." He said LT would be pursuing the case for higher subsidies and lower fares in places where it could have effect.

The aims of the unions' campaign were outlined at a press conference yesterday by Mr Bill Morris, public services national secretary of the Transport and General Workers' Union and another joint secretary of the committee.

They would defend jobs and services, and seek a change in the law so that the GLC's cheap fares policy could continue.

Fares are to double on March 21. Bus and tube services are to be cut, and some tube stations to close. Sir Peter said in December that a 4 per cent reduction in staff numbers by natural wastage would be needed.

The unions will tell members not to resist passengers who refuse to pay the new fares. They are seeking an urgent meeting with Mr David Howell, Transport Secretary, to press for legislation to permit larger subsidies.

Leaflets will be distributed as part of the unions' campaign, which is backed by an initial budget of £20,000. It will link with other campaigns by community groups, and consideration will be given to assisting them from union funds.

LONDON TRANSPORT said yesterday that no tickets valid for longer than a week will also apply to the Underground until the fares increase on March 21. The restriction will lalso apply to the Underground portion of through season tickets sold at British Rail stations.

Plan to step up Dunlop action

BY ROBIN REEVES, WELSH CORRESPONDENT

UNION LEADERS are planning to step up action over the planned closure of the Dunlop group's Semtex floor coverings factory, at Brynmawr, South Wales.

Shop stewards from 25 Dunlop plants in the UK are to meet at Skelmersdale, Lancashire, tomorrow to consider industrial action in support of the Brynmawr workers, who have been occupying their factory since before Christmas.

The summoning of the Dunlop shop stewards follows the refusal of the company's management to offer normal severance arrangements to the 450 Brynmawr production workers—who originally occupied their factory in protest over 60 redundancies, lack of investment, and a long-term plan for the plant.

Dunlop announced early this year that, because of the sit-in, Brynmawr's markets have been lost and the factory was to be closed. It made rubber and carpet tiles, including two brand leaders, for the do-it-yourself trade.

Dunlop maintains that the workers, by their sit-in, breached contracts of employment and so are not entitled to benefit from the redundancy scheme. The company has offered ex gratia redundancy payments in excess of the statutory minimum, but they fell well short of levels in the company scheme and the offer was rejected by a Brynmawr workers' meeting.

Since then, Dunlop has said it sees no point in further discussion. Mr Geoff Jacobs, the Transport Union's local officer, said yesterday it had been decided to step up the dispute because Dunlop was clearly stalling in the hope of wearing down morale at Brynmawr.

National funds plea to help poultry workers

THE FARM workers' union yesterday launched a national appeal for funds for 1,200 Norfolk poultry workers who began an indefinite strike over a 25 per cent pay claim on Monday.

Mr Jack Boddy, general secretary of the National Union of Agricultural and Allied Workers, is writing to its branches and all trade unions for money to support the strike at Bernard Matthews.

Mr Boddy, who intervened last week in a last-minute attempt to avert the strike, said today: "This could be a long strike. Bernard Matthews has refused even to discuss our members' wages.

Dock labour board reform urged

BY BRIAN GROOM, LABOUR STAFF

A REORGANISATION of the National Dock Labour Board, which could cut the present staff strength of 400 by more than a third has been proposed because of the sharp drop in the number of registered dockers.

An internal report suggests that the present 21 local dock labour boards should be replaced by five regional bodies and training and dockers' welfare services completely revised. The proposals will need the backing of the full national board.

The investigation was begun last year, against a background of fears that the board would acquire an accumulated deficit of £7m by 1985 on its running costs.

It examined the suitability of the present set-up to administer a statutory scheme for a registered workforce, which has now dropped to 18,000. In 1947, when the dock labour scheme was established, there were 80,000 dockers.

Employers and the union side are equally represented on the Board, which controls the registers of dockers and employers. The Board's administrative costs were about £5m in 1980, the last year for which figures are available.

The report, presented to the full Board last week, envisages five regional bodies, but this number could be revised. They would comprise one dockers' and one employers' representative from each existing local Board in the region's catchment area.

The eight training centres would be replaced by two divisions, with an increased emphasis on mobile instructors handling on-the-spot training in ports. The national Board would end its involvement in dockers' medical centres, passing responsibility to employers and ports themselves.

Consultation will take place after the national board has taken a decision.

The proposed reorganisation of the board is just one of a number of important developments which may take place in the docks industry.

Musicians look for harmony

THE Sadler's Wells Royal Ballet orchestra is expected to meet this morning to discuss the latest moves to end a four-week-old strike.

The Musicians' Union and the Royal Opera House management met in London yesterday to seek a new peace formula and prevent next week's London season of the ballet company from being cancelled. The outcome depends on an annual contract for the orchestra to guarantee at least 35 weeks' work.

Barclays staff protest over lost 'perk'

BY OUR LABOUR STAFF

BARCLAYS BANK has caused protests from staff over the withdrawal of a foreign currency "perk" which it felt was being abused.

Staff going on holiday were allowed to buy their foreign currency at the rate at which the bank offers the public.

The concession ended after Barclays Bank International, which handles currency exchange business, complained of high administrative costs caused by the volume of staff business. This had increased sharply since the abolition of exchange controls.

Barclays believed some staff were using the concession to buy currency at cheap rates for relatives and friends. There had been some suggestion of speculative transactions.

The staff's exemption from commission charges, however, will continue.

Strong protests have been lodged by the Barclays Group Staff Union (BGSU), which represents about 39,000 of the bank's 72,500 staff. It is part of the non-TUC-affiliated Clearing Bank Union.

The union has proposed that the concession could be retained if staff provided evidence they were using it for bona-fide holidays. Barclays is considering this.

BGSU has received protests from many members about the bank's decision. They complain the bank is trying to limit a number of their perks.

Mr Eddie Gale, the staff unions general secretary, said: "The bank is being very hawish about the whole of its cost control at the moment."

Probe call over Vauxhall pension move

FINANCIAL TIMES REPORTER

UNION LEADERS at Vauxhall's three plants are calling for a probe into the company's decision to cut its share of employer's contribution to the company's pension scheme.

Union investigations have shown that Vauxhall saved about £5m-£6m by cutting its share of the contribution by 33 per cent.

That amount, they claim, was enough to fund the 1981 wage rise before the 1 per cent award for loss of tea breaks.

The company's decision was made last year after an actuarial report showed the pension fund was in a healthy state — the result of accumulated investments and a large cut in Vauxhall's workforce.

Vauxhall Motors said that it would be wrong to suggest the wage rise had been funded from the pension scheme.

In spite of union leaders' requests, who were fighting for improved pension conditions within their wage claim, the report was not made available to them until the end of the year when negotiations were completed.

Union leaders have asked for a meeting and have been promised a reply before the March meeting of the company's joint negotiating committee.

- More than 1,700 workers at the General Motors AC spark plugs factory at Kirkby, Liverpool, called off a week-long strike yesterday, and accepted the company's 5 per cent pay package.

UK NEWS – PARLIAMENT and POLITICS

Leasehold reform law planned

By John Hunt, Parliamentary Correspondent

THE GOVERNMENT is to introduce legislation to stop Labour-controlled local authorities refusing to sell leasehold council houses to tenants who want to buy.

This was announced in the Lords last night by Lord Bellwin, Environment Under Secretary, during an attempt by Liberal peers to get a Second Reading for the Leasehold Reform Bill.

Lord Bellwin's announcement follows the case of Mrs Anne Berry of Lewisham, in South-East London. She bought the freehold of her leased council property, but the Labour-controlled borough council refused to let her buy the house.

Lord Bellwin said that the Government had hoped to deal with this situation in the 1980 Housing Act, but time had not permitted.

"We now intend to introduce a measure as soon as parliamentary time permits," he declared.

The Liberals Bill, presented by Lord Evans of Claughton, was defeated by a majority of 22 (81-59).

Labour Cabinet would let pound fall to boost activity, Shore says

BY PETER RIDDELL, POLITICAL EDITOR

A REDUCTION in the exchange rate to boost competitiveness and economic activity will be a cornerstone of the strategy of an incoming Labour government, Mr Peter Shore made clear yesterday.

Mr Shore, the Shadow Chancellor, outlined the party's approach in the second of a series of major policy speeches intended to explain the alternative economic strategy. A major campaign starts next month.

Mr Shore told a rally in Wigan that the Government would have to create at least 2½m jobs in the lifetime of the next parliament. This compares with increases of 1m in five-year periods in the 1950s and 1960s.

The Labour approach involves five main points:

● Public spending, including investment in housing, roads, hospitals, schools, sewers and the like, as well as current spending to improve social, educational and community services.

● Action to make sterling competitive, against European currencies and the yen as well as the dollar.

Mr Shore believes this can be achieved through a reduction in interest rates and an expansionary policy. Labour would also consider direct action on imports where necessary, and is discussing trade management proposals with the trade unions.

● A recognition of the need to produce relative price stability and contain costs, including income increases.

"Price control, tax reductions and trade union co-operation will all be required. Living standards will, in this way, rise more than they can possibly do in the absence of an effective policy against inflation," he said.

Incomes policy

Mr Shore is particularly keen to press on with talks on this issue, despite trade union reservations about incomes policy. Some Labour MPs report a greater willingness within the Parliamentary Labour Party to face the questions involved than they thought possible a few months ago.

● Industrial democracy and national planning involving the participation of workers.

● A limit to the outflow of capital from the UK. Exchange controls would be reintroduced.

Mr Shore is reluctant to give hostages to fortune by spelling out details of Labour's intentions. But it is clear that the emphasis will be on competitiveness via a fall in the exchange rate, control over costs (including wages), a direct help by a reduction in the employer's National Insurance surcharge and a cut in interest rates.

Mr Shore contrasted the Labour approach with the "moderate" reflationary packages recently produced by the CBI, Sir Ian Gilmour, the former Cabinet minister, and the Social Democrats.

These were inadequate, he said because they did not aim to restore full employment or to repair the damage done by the present government.

Mr Shore claimed the packages showed that Mrs Thatcher had succeeded in contracting the political horizons. He claimed there had been a tacit abandonment "by the so-called centre of British politics of the great policy commitments that came out of the Second World War—the maintenance of employment, the creation of wealth, the elimination of poverty, the development in freedom of a more equal society than we had previously known."

Anger over BR handling of dispute

By Ivor Owen

ANGER among senior members of the Cabinet and Tory back benchers over the handling of the train drivers' dispute by the British Railways Board was reflected in the Prime Minister's replies to questions in the Commons yesterday.

Her response to a sharp attack on Sir Peter Parker, the BR chairman, and his colleagues by Mr Edward Gardner (Con, South Fylde) left no doubt about her critical view of the agreement reached in the early hours of yesterday with Aslef, the train drivers' union.

To cheers from other Tory back benchers, Mr Gardner said the train strike had made it obvious that Sir Peter and the rest of the BR board should learn how to express any agreement reached with the unions or anyone else in such clear language that no-one could later pretend they did not understand what had been agreed.

Mrs Thatcher answered: "I agree fully with your contention. An agreement is not an agreement unless it is expressed so that everyone understands its meaning."

The Prime Minister was equally forthright when Mr Malcolm Thornton (Con., Garston) who talked of a climb-down by British Rail, called for an assurance that unless productivity was improved and reductions in overmanning implemented "in the very near future" there would be no further investment in British Rail.

In words clearly directed at those, including a number of Labour backbenchers, who hailed the agreement as a victory for Aslef, the Prime Minister stressed: "I think it is too early to judge the result of the dispute."

She underlined the fact that both sides now had to negotiate. "If that proved unsuccessful there would have to be arbitration."

Mrs Thatcher emphasised that the modernisation of labour practices and improvements in productivity must be a prerequisite for increased investment.

Mr Leslie Huckfield (Lab Nuneaton) parliamentary spokesman for Aslef, argued that the agreement reached earlier in the day was a complete vindication of the union's stance.

"The British Rail Board gained nothing it could not have had last July," he declared.

British chief constable to head Belfast boys home investigation

BY MARGARET VAN HATTEM, POLITICAL STAFF

A BRITISH chief constable is being sent to head investigations into the Royal Ulster Constabulary's handling of Belfast's Kincora sex scandal, Mr James Prior, the Northern Ireland Secretary, announced yesterday.

The move follows mounting public pressure for a full judicial inquiry into the affair, which concerns allegations of an official cover-up of homosexual malpractices against boys in care at the Kincora Boys' Home in East Belfast.

The fact that the affair went undetected for nearly 20 years has produced widespread concern and a spate of allegations that senior Loyalist politicians and officials may have been involved in a cover-up. Three men were convicted in November on charges arising from the affair.

The Government has resisted demands for a full judicial inquiry. But the pressure increased last week when three members of a Government-appointed independent inquiry refused to proceed until further police investigations were completed.

In a statement to the Commons yesterday Mr Prior said that fresh allegations made to the police in recent days have put a different complexion on the affair.

In response to a request from Mr Jack Hermon, the Northern Ireland chief constable, a chief constable would be sent from Britain "to investigate allegations about the way in which the police have conducted their inquiries, and to have general oversight of the continuing investigations.

Mr Prior said he would not reconstitute the existing inquiry and would delay his decision on whether to appoint a full-scale tribunal under the 1921 Tribunals of Inquiry Act until the police investigations and any prosecutions resulting from them were complete.

At that stage he planned to appoint a committee chaired by a High Court judge, sitting in public, to investigate "the failure to indentify earlier malpractices and to examine and assess present policies, procedures and practices for the administration of homes and hostels."

The strong political overtones of the affair have come to the fore in recent weeks following public allegations that the Rev Ian Paisley, leader of the Democratic Unionist Party, failed to act on information about one of the convicted men supplied to him seven years ago.

Mr Paisley, who admitted he was told of the man's homosexuality, but denied having known that he was employed at Kincora, has been one of the most vocal advocates of a judicial inquiry.

Several MPs yesterday drew attention to the fact that Mr Paisley was not present during Mr Prior's statement.

Mr Joe Dean (Lab. Leeds West) asked Mr Prior for assurances that any elected representatives "found to have deliberately withheld information which might have prevented the abuses should be subject to the full consequences of the law.

Mr Gerry Fitt (Ind. West Belfast) urged Mr Prior to empower the inquiry to subpoena the men already convicted and to subpoena Mr Colin Wallace, a former British army spokesman, who in 1975 gave details of the affair to Irish newspapers.

Mr Fitt praised the RUC's handling of the affair after 1980 but voiced serious doubts about its performance in the preceding 20 years.

Mr Prior, replying to Mr Fitt and other MPs, stressed that the Government and the Northern Ireland police regarded the affair as urgent and extremely serious. Any inquiry set up later would have full and complete powers, he said.

"I am anxious that there should be no lasting cause for public disquiet but the truth has not been wholly discovered," he added.

The Government appears to be taking the latest allegations seriously. It has not ruled out the possibility that further prosecutions may delay by many months the opening of a new inquiry.

In the meantime senior officials from the Department of Health and Social Services are being sent to help the Northern Ireland Department's efforts to improve the supervision of homes and hostels for children in care.

Although only four MPs from Northern Ireland were present during yesterday's statement, and only two, Mr Enoch Powell and Mr Fitt, sought to question Mr Prior, the affairs appears to have shocked MPs.

Mr Don Concannon, Labour's Northern Ireland spokesman, supported Mr Prior's decision. No knowledge of the affair had come before ministers during Labour's term in office, he added.

Whitelaw rules out the cane

A RETURN to corporal punishment to stamp out violent crime was ruled out yesterday by Mr William Whitelaw, the Home Secretary.

Mr Whitelaw and Mr Patrick Mayhew, Home Office Minister of Stete, faced intense pressure from Tory back benchers at Question Time in the Commons to consider reintroducing the penalty which was ebolished in 1948.

Mr Whitelaw said corporal punishment would be a breach of Britain's international obligations on human rights.

Green pound move opposed

By John Hunt, Parliamentary Correspondent

BRITAIN'S determination to resist the European Commission's letest proposals for the revaluation of the green pound was underlined in the Commoas yesterday by Mr Peter Walker, the Agriculture Minister.

He received strong support from Conservative back benchers when he said consequences of the proposal for the incomes of British farmers would be severe. They would obtain price increases averaging less than 4 per cent.

Mr Walker was reporting back to the Commons on the results of the Council of Agricultural Ministers' meeting ia Brussels

Rayner on reform

RADICAL REFORM of the Civil Service is possible, providing it is properly led, Sir Derek Rayner, the Prime Minister's edviser oa efficiency lold e seminar et the Policy Studies Institute in Loadon yesterday.

He urged more training in resource manegement, and stronger financial management and internal auditing.

Smith Square deal

THE Conservative Party's proposed sale-and-lease-back deal on its beedquarters in Smith Squere, London, is nearing completion. A pension fund is negotiating to buy the freehold oo the building, which the party will lease-back. Empty parts of the building will be sub-let. The deal is intended to clear the party's overdraft.

Lloyd's Bill critics step up lobbying for amendment

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

SUPPORTERS end opponents of the *Lloyd's Bill* increased their lobbying efforts yesterday in advance of Mooday's crucial Report Stage debata.

Mr Archie Hamilton (Con., Epsom) and five other Tory MPs sent a letter to every Conservetive MP urgiog support for an amendment put down by Sir Nicholas Bonsor (Coo., Nantwich) dealing with immunity from prosecution.

But the signatories said they would not support an amendment put down by Mr Roger Moate, the Tory MP for Faversham, on divestment, the other highly controversial issue in the Bill.

The six MPs said they did not think it was right that the Committee of Lloyds should bave "complete immunity from being lieble to pay damages in respect of negligence and libel."

Sir Nicholas's amendment would ensure that aayone wishing to sue the Committee of Lloyd's would first bave to establish a "prima facie" case in the High Court. This would serve to "filter vexatious litigation."

The supporters of the Bill were yesterday preparing e respoose to the letter, which they claimed misrepresented the clause.

The debate on Monday is likely to continue long into the night. The rule which normally brings debates to an end et 10 pm will be suspended.

The critics have had to abandon their threat to talk out the Bill unless it is further amended. Their only hope of achieving changes is that the supporters of the Bill will not be able to persuade enough non-members of Lloyd's to stay in the House to defeat amendments in the lobbies.

Members of Lloyd's cannot vote on the principle of the Bill. Even so, the signs ere thet among the minority of MPs who are interested in the Bill there is a fairly clear majority in favour of it.

Next week in parliament

COMMONS

Monday: Debate oo the arts; private business.

Tuesday: Canada Bill, Committee Stage.

Wednesday: Travel Concessions (Londoo) Bill, Secoad Reading; Departments (Northern Ireland) Order.

Thursday: Debate on Welsb affairs.

Friday: Private Members' Bills.

LORDS

Monday: New Towns Bill, Committee Stage; Transport Fioance Bill, Third Reading; Legal Aid Bill, Second Reading; Marriage (Step-pareats and Step-children) Bill, Second Reading; Constitutional Referendum Bill, Committee Stage.

Tuesday: Loch Roag Order Confirmation Bill, Second Reeding; Legal Aid Regulations; Mental Health (Amendment) Bill, Report Stage.

Wednesday: Short debates on rural bousing, on problems of the Highlands, and oa aid for the A320 Airbus.

Thursday: Shrewsbury Council Bill, Second Reading; New Towns Bill, Third Reading; Civil Jurisdiction and Judgments Bill, Report Stage; Mental Health (Amendment) Bill, Report Stage.

TELEVISION

BBC 1

6.40-7.55 am Open University (UHF only). 9.00 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Bagpuss. 2.02-3.00 For Schools, Colleges. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Winsome Witch. 4.25 Jackanory. 4.40 Finders Keepers. 5.05 Orange Hill. 5.35 Ivor the Engine. 5.40 News. 6.00 Regional News Magazines. 6.22 Nationwide, including 6.45 Sportswide. 7.00 Thanks a Million! 7.10 The Superstars: The Ferguson Women's Championship. 8.00 Fame is the Spur: Dramatisation of the novel by Howard Spring. 8.50 Points of View. 9.00 News. 9.25 McClain's Law, starring James Arness. 10.15 Face the Music: Quiz with Joseph Cooper (London and South East only). 10.45 News Headlines. 10.50 UK Ballroom Championships from Hammersmith Palais, London. †11.35-1.05 am The Late Film: "You Only Live Once," starring Sylvia Sidney and Henry Fonda.

Chris Dunkley: Tonight's Choice

London Weekend's new series starting tonight, We'll Meet Again, tells of the impact on a Suffolk market town of the arrival in 1943 of a Bomber Group of the USAF. They have used the only B17 Flying Fortress in the UK that is still airworthy for the aerial sequences. Susannah York plays the doctor wife of the local squire figure. The interesting question is whether LWT will be proved right in harking back yet again to the war so many of the other recent drama series have been set in the post-war period—"Airline," "Shine On Harvey Moon" and "The Bell" for instance.

The other interesting question concerns exports. The British television series which have had the greatest overseas success have almost always been made with only a British audience in mind. ITV's biggest hits in the U.S. include "Upstairs Downstairs," "The Benny Hill Show," and "Tales Of The Unexpected," none of which was made with even half an eye to the American viewer. So it will be fascinating to see the fate of We'll Meet Again which is not only constructed on the American pattern of a film-length opening episode and then 12 one-hour parts, but is also all about Americans and even uses American actors to play many leading roles.

LONDON

9.35 am Schools Programmes. 11.55 Comic Stories. 12.00 Song Book. 12.10 pm Once Upon A Time. 12.30 Simply Sewing. 1.00 News plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus, presented by Elaine Grand and Simon Reed. 2.45 Friday Matinee: Tom Walls in "A Cup of Kindness." 4.15 Dr Snuggles. 4.20 Razzmatazz. 4.45 Jukes of Piccadilly. 5.15 Square One, presented by Joe Brown. 5.45 News. 6.00 The 6 O'clock Show, presented by Michael Aspel, with Janet Street-Porter and Fred Housego. 7.00 Family Fortunes presented by Bob Monkhouse. 7.30 Hawaii Five-O, starring Jack Lord. 8.30 We'll Meet Again, starring Susannah York and Michael J. Shannon. 10.00 News. 10.30 Bizarre. 11.00 The London Programme: Football—Sick as a Parrot? 11.35 Thriller. 12.55 am Close: Sit Up and Listen with Elisabeth Lutyens.

† Indicates programme in black and white

BBC 2

6.40-7.55 am Open University. 11.00 Play School. 3.55 pm Around with Allisa. 4.25 The Glazebrook Touch. 5.10 Paris: Imperial City. 5.35 Weekend Outlook. †5.40 "Pearl of Death," starring Basil Rathbone. 6.45 Heroes. 7.15 Oxford Road Show. 7.55 News Summary. 8.00 Gardeners' World. 8.25 Newsweek. 9.00 The Family Brown Sings Country. 9.25 Playhouse. 10.50 Newsnight. 11.35 Friday Night ... Saturday Morning.

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 2.45 Friday Film Matinee: "Young and Innocent." 6.00 About Anglia. 7.30 The Fall Guy. 11.00 Members Only. 11.30 Friday Late Film: "Rebel Run," starring James Caan. 1.10 am I Was Reading.

BORDER

1.20 pm Border News. 2.45 Matinee: "Where Time Began," starring Kenneth More. 6.00 Lookaround Friday. 6.30 That's Hollywood. 7.30 The Fall Guy. 10.30 Your MP. 11.00 Bizarre. 11.30 Border News Summary.

CENTRAL

1.20 pm Central News. 12.45 Alec Guinness: Star of the Week: "The Card." 4.10 Windows. 6.00 Central News. 7.30 The Fall Guy. 11.00 Central News. 11.05 Alec Guinness: Star of the Week: "Tunes of Glory."

CHANNEL

1.20 pm Channel Lunchtime News: What's On Where and Weather. 2.45 The Friday Matinee: "Colour Scheme." 5.15 Emmerdale Farm. 6.00 Channel Report. 6.30 Link Up. 7.30 Hart to Hart. 10.28 Channel Late News. 10.35 Aujourd 'Hui en France. 10.40 Mysterious Tales. 10.45 Three's Company. 11.15 Continental Cinema: "Shock Treatment." 12.45 am News and Weather in French.

GRAMPIAN

9.30 am First Thing. 1.20 pm North News. 12.45 Friday Matinee: "Murder, She Said," starring Margaret Rutherford. 6.00 North Tonight including Sports Desk. 7.30 The Fall Guy. 10.30 The Streets of San Francisco. 11.30 Curling: Highlights from the Lang's Supreme Scotch Curling Championships in Perth. 12.20 am North Headlines, Road Report.

GRANADA

11.54 am Wattoo, Wattoo. 1.20 pm Granada Reports. 1.30 Exchange Flags. 2.00 Take the High Road. 12.30 Friday Matinee: Trevor Howard in "Green for Danger." 6.00 Kick Off. 6.30 Granada Reports. 7.30 The Fall Guy. 11.00 A Week on Friday. 11.30 For Adults Only: "Love in the Suburbs."

HTV

11.50 am Cartoontime. 1.20 pm HTV News. 2.45 Friday Film Matinee: "Lost," starring David Farrar. 5.15 Beason. 6.00 HTV News. 6.30 Mr and Mrs. 7.30 The Fall Guy. 10.28 HTV News. 10.30 The Good Neighbour Show. 11.00 Young Down and Outs. 11.40 The Late Night Film: "The Lost Honour of Katharina Blum."

HTV CYMRU/WALES—As HTV WEST except: 11.34-11.49 am About Wales. 12.00-12.10 pm Flalabalam. 4.15-4.45 Aderyn Aelwyd? 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30-11.00 Outlook.

SCOTTISH

1.20 pm Scottish News. 2.45 Friday Matinee: "Hell's Island," starring John Payne. 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 7.30 Charlie's Angels. 10.30 Ways and Means. 11.00 Bizarre. 11.30 Curling: From Perth—Scottish Supreme Curling Championship. 12.15 am Late Call.

TSW

1.20 pm TSW News Headlines. 2.45 Colour Scheme. 4.12 Gus Honeybun's Magic Birthdays. 5.15 Emmerdale Farm. 6.00 Today South West. 6.30 What's Ahead. 7.30 Hart to Hart. 10.32 TSW Late News. 10.35 Postscript. 10.40 Mysterious Tales. 10.45 Three's Company. 11.15 Continental Cinema: "Shock Treatment." 12.45 am South West Weather.

TVS

1.20 pm TVS News. 2.45 Friday Matinee: "Hell's Island," starring John Payne. 5.15 Watch This Space . . . 5.30 Coast to Coast. 6.00 Coast to Coast (continued). 6.30 Friday Sportshow. 7.30 The Fall Guy. 11.00 Horror: "Blood on Satan's Claw," starring Patrick Wymark. 12.45 am Company.

TYNE TEES

9.25 am The Good Word. 9.30 North East News. 1.20 pm North East News and Lookaround. 12.45 Friday Matinee: "Rhodes of Africa," starring Walter Huston. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life with Tom Coyne. 7.30 The Fall Guy. 10.30 North East News. 10.32 Friday Live. 12.00 Superstar Profile. 12.30 am Poet's Corner.

ULSTER

1.20 pm Lunchtime. 2.45 Friday Matinee: "Escape to Burma," starring Barbara Stanwyck. 4.13 Ulster News. 5.15 Hear Here. 5.20 Good Evening Ulster. 6.00 Good Evening Ulster. 6.30 Different Strokes. 7.30 The Fall Guy. 10.29 Ulster Weather. 10.30 Witness. 10.35 Counterpoint Special. 11.05 [illegible] Benson. 11.35 News at Bedtime.

YORKSHIRE

1.20 pm Calendar News. 2.45 Friday Film Matinee: "Hell's Island," starring John Payne. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 7.30 The Fall Guy. 11.00 Thriller.

RADIO

(S) Stereophonic broadcast
‡ Medium Wave only

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.30 Newsbeat. 5.45 *Roundtable*. 7.00 *Andy Peebles*. 10.00-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News, Sport. 6.00 John Dunn (S). 8.00 Take Your Partners, at the Radio 2 Ballroom (S). 8.45 *Friday Night is Music Night* (S). 9.55 Sports Desk. 10.00 Listen to Les, says Les Dawson. 10.30 *Anything for a Laugh*. 11.02 Sports Desk. 11.15 Brian Matthew with *Round Midnight*. 1.00 am *Truckers' Hour* (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued) (S). 9.00 News. 9.05 This Week's Composer: Dvorak (S). 10.00 Telemann (S). 10.50 French Music for Piano Duet (S). 11.30 American Choral Music (S). 12.15 pm Midday Concert, part 1 (S). 1.00 News. 1.05 Interlude. 1.20 Midday Concert, part 2 (S). 2.05 Jane Manning (S). 3.10 Busch Quartet Plays Beethoven. *4.00 Choral Evensong* (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.55 Play *It Again* (S). 7.00 *Vaughan Williams* (S). 7.30 Beethoven and Schubert, concert, part 1 (S). 8.00 A Country *Tapestry*. 8.20 Concert, part 2 (S). 9.20 Music in Our Time (S). 10.15 Books, Music and Lyrics: Cushman (S). 11.00 News. 11.05-11.15 Scriabin

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. *9.45 Feedback*. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 *Great Families of Britain*. 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Word! (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 *Woman's Hour*. 3.00 News. 3.02 Afternoon Theatre (S). 4.05 Poetry Please! (S). 4.15 Victims. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 The Week in Synod. 8.30 Any Questions? 9.15 Letter From America, by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Glyn Worsnip *delves into the BBC Sound Archives*. 12.00 News.

FT COMMERCIAL LAW REPORTS

Union immunity from liability in TV blacking

HADMOR PRODUCTIONS LTD AND OTHERS v HAMILTON AND ANOTHER

House of Lords (Lord Diplock, Lord Fraser of Tullybelton, Lord Scarman, Lord Bridge of Harwich and Lord Brandon of Oakbrook): February 11 1982

Where a court hears an appeal from the exercise of a judge's discretion, it must defer to that discretion and may not interfere on the ground that fresh evidence is adduced, unless examination of the evidence reveals facts which invalidate or falsify the judge's reasoning.

* * *

THE HOUSE of Lords so held when allowing an appeal by officials of the Association of Cinematograph Television and Allied Technicians (ACTT), a trade union, from an order of the Court of Appeal (Lord Denning MR, Lord Justice Watkins and Lord Justice O'Connor, March 19 1981) granting interlocutory injunctions sought by Hadmor Productions Ltd to restrain ACTT's blacking activities pending the outcome of a trial by Hadmor against ACTT.

Section 13 of the Trade Union and Labour Relations Act provides: "(1) An act done by a person in contemplation or furtherance of a trade dispute shall not be actionable in tort on the ground only—(a) that it induces another person to break a contract or to interfere with its performance; or (b) that it consists in his threatening that . . . he will induce another person to break a contract or interfere with its performance. (2) . . . an act done . . . in contemplation or furtherance of a trade dispute is not actionable in tort on the ground only that it is an interference with the trade, business or employment of another . . ."

LORD DIPLOCK said that Hadmor was a "facility" company, which meant that its business consisted of producing films or videotapes for television. Its income was derived from fees paid by television companies for licences to transmit its films or tapes.

Towards the end of 1980 Hadmor embarked on the production of a series of programmes entitled "Unforgettable." Negotiations for licences for transmission by Thames Television took place, and three programmes had been transmitted before the attention of ACTT officials was drawn to the series by an unflattering reference to it in The Observer in January 1981.

At that time there was a shortage of work at Thames's own production studios, and ACTT members feared redundancies if work was farmed out to facility companies.

While Thames investigated the circumstances in which the transmission of the programmes had come about, but before the investigation was complete, the programme scheduled for February 3 was transmitted.

That aroused the wrath of ACTT members and they passed a resolution to black the series. However, Thames had already decided to withdraw it before hearing of the resolution.

Hadmor issued a writ claiming various injunctions against ACTT together with a motion for interlocutory injunctions to restrain it from "intimidating, coercing or threatening any independent television company . . . so as to cause injury . . ." to Hadmor.

On the motion for interlocutory injunctions, Mr Justice Dillon thought there was a very strong likelihood that in the action ACTT would establish that it was acting in contemplation of a trade dispute, and was entitled to statutory immunity from any liability in tort under the terms of section 13 of the Trade Union and Labour Relations Act 1974. He also took the view that as on the evidence there was no immediate likelihood of Hadmor's programmes being transmitted, the interlocutory injunctions would serve no useful purpose.

The judge therefore refused the interlocutory injunctions. Hadmor appealed successfully against that decision. The Court of Appeal ignored the judge's reasons on the ground that in the interval between the hearing of the motion and the hearing of the appeal, both sides had adduced further evidence.

An interlocutory injunction was a discretionary relief. The production of additional evidence was not of itself sufficient to entitle the Court of Appeal to ignore the judge's exercise of his discretion and to exercise an additional discretion of its own.

The right approach for an appellate court was to examine the fresh evidence to see to what extent, if any, the facts invalidated the judge's reasons for his decision. Only if they did was the appellate court entitled to treat fresh evidence as constituting in itself a ground for exercising an original discretion of its own.

If that approach had been adopted by the Court of Appeal in the present case, the additional evidence would have been seen to provide additional support for the judge's reasons for refusing the interlocutory injunctions.

The tort on which Hadmor relied was interference with its trade or business by unlawful means. ACTT's acts were capable of constituting unlawful means, and if the effect was to cause damage to someone, even though he was not a party to the contract which was threatened, it was actionable as a tort of "intimidation."

Intimidation was covered by section 13 (1) (b). It was the only ground on which the ACTT acts could be capable of being actionable in tort, in the absence of section 13 (1); and section 13 (1) said that it should not be actionable.

It was suggested that because proof of damage caused by the use of unlawful means was a necessary ingredient of the tort of intimidation, the presence of "only" in section 13 (1) prevented the subsection from applying to intimidation; but if that were so, paragraphs (a) and (b) would be devoid of any application at all. Parliament could not have intended indulging in the futile exercise of enacting a provision that was incapable of having any application.

Similar considerations applied to subsection (3). The reference to "interference" with the trade or business of another must be a reference to an act of interference that would be actionable if it were not done in contemplation or furtherance of a trade dispute.

The meaning of section 13(1) and its application to the facts of the present case was plain and unambiguous. The likelihood was high that ACTT would establish at the trial that it was entitled to immunity under section 13 from liability in tort.

The judge was entitled to take the view, and to attach great weight to it, that whatever the result of the trial might ultimately be, the grant of interlocutory injunctions would have been of no practical use to Hadmor.

There was no fault in the way in which the judge exercised his discretion in deciding to refuse the interlocutory injunctions, and there was nothing in the additional evidence before the Court of Appeal which in any way falsified or conflicted with the reasoning on which he based his decision.

The order of the Court of Appeal should be set aside and Mr Justice Dillon's order restored.

Lord Fraser, Lord Scarman, Lord Bridge and Lord Brandon agreed.

For the ACTT officials: J. H. Inskip QC, Jeffrey Burke and Paul Lemoe (Brian Thompson and Partners, Stanmore).

For Hadmor: Alexander Irvine QC and Christopher Carr (Nutt and Oliver).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

OPINIONS were almost equally divided at Ascot nine days ago over Little Owl's performance in the Whitbread Trial Chase. Some felt that the 1981 Gold Cup winner's inability to finish closer than fifth, in a race won by an invalid having only his second outing in two seasons, yet again confirmed that Little Owl remains a shadow of his former self. Others, however, believed that he showed signs of returning to form.

We should know by around 3.30 this afternoon not only whether Little Owl remains a force to be reckoned with in the highest category, but also whether he will defend his crown on March 18. By 3.30 the champion chaser will have attempted to give from between 21 lbs and two stones to nine rivals in Newcastle's limited three-mile handicap, the Trout Chase.

Unless Little Owl wins, or, at worst, falls honourably to give 21lbs to still-underrated chaser Rambling Jack, we can assume that even the great Peter Easterby will not be able to produce the required miracle.

Little Owl, looking less hard in condition than some at Ascot, seemed in good terms with himself, both before and during his race, and part-owner Jim Wilson was far from severe, once he had accepted the situation on entering the short home straight.

I would not care to oppose Little Owl this afternoon, but taking the miserly 4-1 offered against him for a repeat Gold Cup victory is an entirely different matter.

An hour before the Trout Chase, Rubstic, the 1979 Grand National hero, returns to the fray in the Corbridge Hunters' Chase. I doubt him proving good enough on his first run for almost a year. Honourable Man, a tiny son of Marcus Brutus, is probably the North's best hunter-chaser.

NEWCASTLE
2.15—Honourable Man**
2.45—Rock Fair***
3.15—Little Owl

FAKENHAM
2.30—Dame Sue*

EUROBONDS

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times. It will be published on the following dates: 1982

TUESDAY 23rd MARCH
WEDNESDAY 12th MAY
TUESDAY 13th JULY
TUESDAY 14th SEPTEMBER
THURSDAY 11th NOVEMBER
THURSDAY 15th APRIL
WEDNESDAY 16th JUNE
WEDNESDAY 18th AUGUST
WEDNESDAY 13th OCTOBER
TUESDAY 14th DECEMBER

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CONTRACTS AND TENDERS

INTERNATIONAL TENDER FOR THE PURCHASE OF ROAD CONSTRUCTION EQUIPMENT

INVITATION NO. T-09/74

The Provisional Military Government of Socialist Ethiopia, Ethiopian Transport Construction Authority announces the release of an international tender for the purchase of Road Construction and Transport Equipment. The Government has received a credit from the International Development Association toward the cost of the Addis Awash Overlay Project and intends to apply the proceeds of this credit to eligible payments under the contracts for which this invitation to Bid is issued. Interested Suppliers from member countries of the World Bank Switzerland and Taiwan are invited to collect Bid documents during office hours from the Procurement Office, Room 106, of the *Ethiopian Transport Construction Authority* against payment of Birr 20.00 for each set of documents.

Bids will be opened in public in the Conference Room, 4th floor of the Ethiopian Transport Construction Authority Headquarters building on April 1, 1982, 10.00 hours Addis Ababa time. The Authority reserves the right to reject any or all bids that are not in conformity with all conditions and specifications mentioned in the Bid Documents.

ETHIOPIAN TRANSPORT CONSTRUCTION AUTHORITY

INTERNATIONAL TENDER FOR THE PURCHASE OF ROAD CONSTRUCTION AND MAINTENANCE EQUIPMENT

INVITATION NO. T-08/74

The provisional Military Government of Socialist Ethiopia, Ethiopian Transport Construction Authority announces the release of an international tender for the purchase of Road Construction and Maintenance Equipment.

A loan is available from the African Development Fund (A.D.F.) and interested bidders from member countries and participating states of the A.D.F. are requested to collect bid documents and specifications during office hours from the Procurement Office, Room 106, of the Ethiopian Transport Construction Authority against payment of Birr 20.00 for each set of documents.

Bids will be opened in public in the Conference Room, 4th floor of the Ethiopian Transport Construction Authority headquarters building on April 15, 1982, at 10.00 hours Addis Ababa time. The Authority reserves the right to reject any or all bids that are not in conformity with all conditions and specifications mentioned in the tender.

ETHIOPIAN TRANSPORT CONSTRUCTION AUTHORITY

APPOINTMENTS

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Chiap Hua Comalco Limited, a member of the RTZ Group, is well established in the Far East as a major aluminium window manufacturer supplying local and export markets.

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The successful applicant should have had previous general management experience and must have had marketing and production management experience, and preferably site contract management experience in the commercial and residential window business.

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Interviews for this senior position will commence in London on the 1st March, extending to the 3rd March, 1982.

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The Rt. Hon. Lord Maybray-King
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FIELDBORNE, 63, Queens Grove, NW8. [illegible]

MATHAF GALLERY, 24 Motcomb Street, London, SW1. [illegible] Paintings of Arabia.

MARLBOROUGH, 6, Albemarle St., W1. [illegible]

WHITECHAPEL ART GALLERY, Whitechapel High St. 377 0107. [illegible] EXHIBITION. Sun-Fri. 11-5.50. cl. Sat. Free.

COMPANY NOTICES

Notice to the Holders of Bonds of the issue 7¾%—1972/87 of FFr 150,000,000 made by the European Coal and Steel Community.

The Commission of the European Communities announces that the annual instalment of bonds amounting to FFr 15,000,000 has been purchased for redemption on April 1, 1982.

ENSO-GUTZEIT OSAKEYHTIO

9½% Guaranteed Bonds of 1976 due 1984

Notice is hereby given to Bondholders that during the twelve-month period ending February 10, 1982 a nominal amount of UA 855,000 has been purchased for the Purchase Fund. Amount outstanding: UA 21,840,000.

ENSO-GUTZEIT OSAKEYHTIO
February 19, 1982

THE COLNE VALLEY WATER COMPANY

NOTICE IS HEREBY GIVEN that the Transfer Books of Ordinary and Preference Stocks will be CLOSED for one day only on 1st March, 1982, for the preparation of the Dividend Warrants payable on 1st April, 1982.

Dated this nineteenth day of February, 1982.

W. A. COSGROVE, Secretary.
Blackwell House, Aldenham Road, Watford, Hertfordshire WD2 2EY.

STRATHCLYDE REGIONAL COUNCIL

VARIABLE RATE REDEEMABLE STOCK 1983

For the six months from 18th February 1982 to 18th August 1982 the interest rate on the above stock will be 15.6250% per annum.

BANK OF SCOTLAND
55 Old Broad Street
London EC2P 2HL

PUBLIC NOTICES

WEST YORKSHIRE METROPOLITAN COUNTY COUNCIL INSURANCE

The County Council wishes to take up quotations for excess of loss and stop loss insurance for liability and motor vehicle risks.

Any company desirous of submitting a quotation is invited to apply for details of the authority's requirements to: Director of Finance (Ref. CINSO), County Hall, Wakefield, WF1 2QW.

BIRMINGHAM COUNCIL BILLS
£12.5m Bills issued 19th February 1982, maturing 20th May 1982. Applications totalled £50.5m. [illegible]

EDUCATION

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LEGAL NOTICES

No. 004100 of 1981

In the HIGH COURT OF JUSTICE Chancery Division In the Matter of DANAE INVESTMENT TRUST PUBLIC LIMITED COMPANY and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 25th January 1982 confirming the reduction of the capital of the above named company from £8,400,000 to £5,089,274 and the Minute approved by the Court showing with respect to the capital of the said company as altered the several particulars required by the above mentioned Act were registered by the Registrar of Companies on 10th February 1982.

Dated this 19th day of February 1982.

MACFARLANES
Dowgate Hill House
London EC4R 2SY
Solicitors for the above-named company

THEATRES

VICTORIA PALACE THEATRE. [illegible]

WAREHOUSE. Donmar Theatre, Earlham St. [illegible]

WHITEHALL. [illegible]

WYNDHAM'S. [illegible]

YOUNG VIC. 928 6363. [illegible]

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

NEI: a proud engineering giant in need of more drive

BY HAZEL DUFFY

"IN TOO many cases, we still respond to the market where we ought to be attacking it," says Terry Harrison.

Harrison is UK managing director of one of the largest groups in Britain's troubled engineering sector, Northern Engineering Industries.

Harrison, 48, used to be managing director of Clarke Chapman which merged with Reyrolle Parsons in 1977 to form NEI. He is one of the younger, more forceful, managers who are beginning to emerge from the rather stolid engineering management background of NEI companies, and is reckoned to be one of the heirs apparent for the top job when the current chairman, chairman Duncan MacDonald, reaches 65 in five years' time.

MacDonald, a quiet-spoken Scot with an impeccable engineering pedigree, puts the problem in a more precise way. "There is a growing realisation within NEI that the time is fast approaching for a group re-organisation." Another senior manager, Graham Anderson, says, "We must become more market rather than product orientated, and we need more aggressive planning."

These internal comments are in accord with some voiced by outside commentators who view the merger as a failure in bringing about the dynamic force in engineering that had been hoped for at the time.

MacDonald agrees that the structure of NEI today is essentially that of the two former groups of companies existing side by side. The lack of any early integration was intentional, he emphasises. "We had to get used to each other before changing things, to live within our budget targets, and that is very difficult when you chop and change." Furthermore, as Harrison points out, ever since the merger NEI has been coping with dismal markets in probably the worst recession that has been witnessed by the engineering industry. "Before we can attack markets, we have to stabilise our businesses."

The birth signs for the new group were hardly auspicious. The critical Think Tank report on Britain's power plant industry, which was the core of both the Clarke Chapman and Parsons businesses, had just been aired for all the world to read. Attempts by the Callaghan Government to rationalise the industry by merging Parsons with GEC, and Clarke Chapman with Babcock, had failed.

Diversity

MacDonald, however, believes that there have been positive strengths in the merger, albeit necessarily of a more defensive nature. "When they were independent, each of the groups was unbalanced; Parsons, for instance, was heavily dependent on turbine generators and Clarke Chapman on boilers, although each had a lot of other products. If anything had happened to the turbine generators part of the business, it would have taken the Parsons group into hell and nothing could have been done about it."

The strength of the combined group has helped management come to terms with some of the problem companies, like the Peebles group (MacDonald's old company, making motors, generators and transformers, and the Reyrolle switchgear business which has undergone extensive rationalisation. Without the diversity of activities which has kept the group profitable as a whole, these companies, in MacDonald's opinion, might well not have survived.

Much of the management effort in individual companies, like Wellman Cranes (see separate article) has been concentrated on a search for diversification away from the depressed markets for their traditional products.

There are more than 70 companies in NEI across the country, but the main concentration of employment is in the North East, where NEI has its head office. The policy of patiently searching for alternatives rather than indiscriminate closures has helped, in MacDonald's view, to preserve employment in that part of the country. "I think without the merger, the North East would have been decimated." But NEI has not spent all its time propping up plants and waiting for the upturn. It has been a fairly aggressive acquirer of a number of smallish companies and has sought to diversify into new sectors, most notably in the acquisition in October 1980 of 90 per cent of the Extel Corporation in the U.S. which makes electronic communications equipment.

Extel's business was a new venture for NEI, although the group has other interests in electronics in North America. MacDonald pronounces himself "well pleased" with Extel, which has a $100m turnover and is consolidating manufacture under the roof of one Chicago factory to replace eight smaller factories. He is less happy, however, with NEI's UK electronics interests in control instrumentation and protection, which he himself put together following the merger.

A review of ways in which they could be reorganised is being undertaken, but MacDonald is inclined to the view that the push in electronics will come from the U.S. interests. He is asking the board to sanction the financing of a laboratory being set up by its Texas-based subsidiary, International Power Machines, which will receive key personnel from the UK to be schooled in micro-processor developments.

The Extel takeover looked as if NEI was embarking on an electronics drive, but this was followed by the £25.6m acquisition last summer of Amalgamated Power Engineering, a group firmly in traditional engineering — small power plant for generating set packages. This followed a £28.8m rights issue two months earlier and drew critical comment in the City. But MacDonald says he had been looking at APE for two or three years, convinced that it fitted in well with NEI's power plant interests at the heavy end.

APE's export content was also attractive. MacDonald knows that NEI's growth hopes must be spearheaded by export-led growth, but that NEI's export performance has not been good enough. The formation of NEI Projects was geared to the winning of turnkey contracts, both in the UK and abroad, but success in this highly competitive area so far has not been outstanding.

NEI is particularly sensitive to the charge that it has been unable to claim the power plant export successes chalked up by GEC (see this page, Wednesday, February 17), particularly as NEI has the unique capability in the UK of offering a complete power station package, which was the rationale largely for the merger in the first place. MacDonald is hopeful that Parsons will get back on to the bidding lists of Ontario Hydro, once a major customer of NEI companies, and there are hopes for India and Taiwan.

Belated

Harrison admits he would like to see a couple of major overseas orders for turbine generators—"boilers can look after themselves, but Parsons needs that boost." Parsons employs 3,700 in the Heaton district of Newcastle. Like NEI Power Engineering at Gateshead, which makes the boilers, it is belatedly undergoing substantial re-equipping now that it has orders for the two AGRs at Heysham and Torness under its belt.

NEI's future in the power plant industry has often been starkly portrayed in terms of whether Britain continues with its AGR (Advanced Gas-Cooled Reactor) programme rather than switching to the American-designed PWR (Pressurised Water Reactor). MacDonald has always claimed that NEI is not anti-PWR and that it would be equally well able to supply equipment for a PWR as the AGR.

Nevertheless, the whole question of Britain's nuclear power programme requires the manufacturers to maintain a weighty presence in Government circles as well as in the electricity industry.

In this respect, MacDonald believes that NEI has always been in the shadow of Lord Weinstock and GEC. But he thinks that NEI has learned a lot about the importance of Government links, as well as spending more time in getting to know the City, and that "we are getting better all the time."

MacDonald is even proposing that NEI and GEC mount a collaborative effort in the research arena, with the CEGB and Department of Energy, specifically on the assembly and testing of a super generator to be based on work being done in cryogenics.

Both Parsons and the Gateshead boiler plant know what it is to be without orders. The uncertainty over Britain's power plant needs in the future must convince both companies that they cannot live with a repeat of the hand-to-mouth existence they experienced in the 1970s; but it is as arguable as it was six years ago whether two major power plant companies can survive in Britain.

NEI's dependence on power plant is still considerable. Purchases by public utilities in the UK and abroad account for about one-third of the group's total turnover, while CEGB orders are a key profit source for the group.

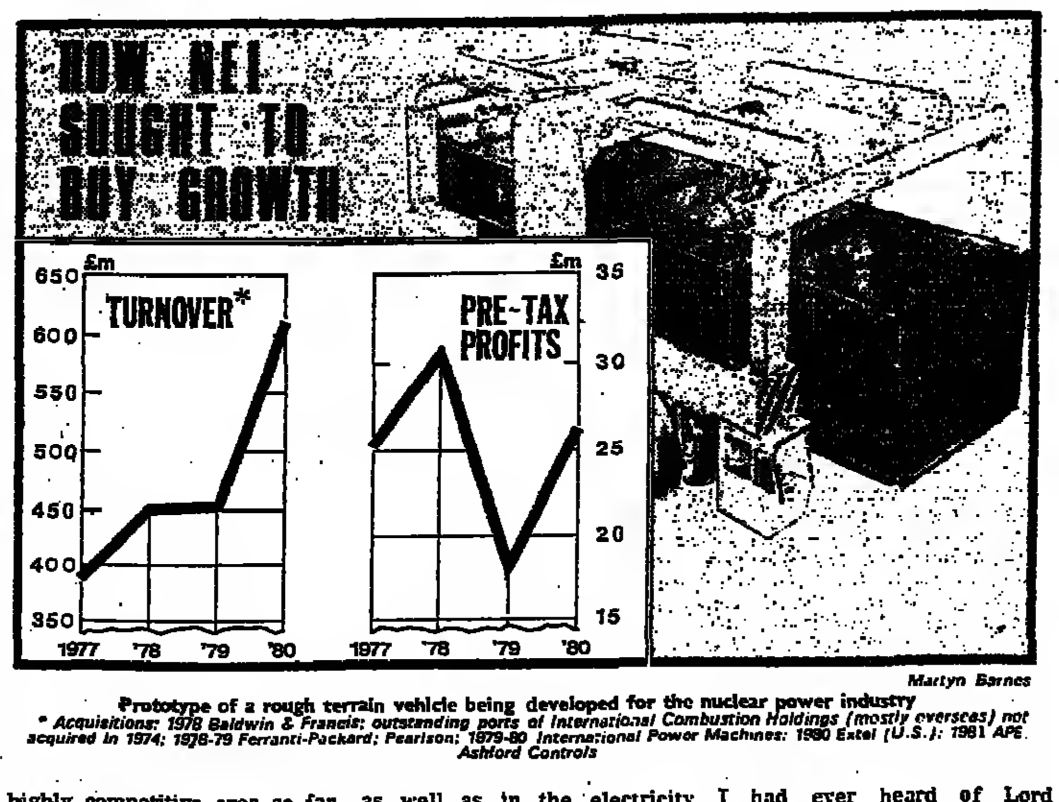
NEI has been managed on the basis of decentralisation—Harrison emphasises that in this NEI has not copied GEC's renowned policy. "Clarke Chapman ran this way before I had ever heard of Lord Weinstock."

Like MacDonald, however, he sees the need to re-group the companies into a more forward looking organisation — which will mean crossing the boundaries of the original groups. This has already been done in mining equipment, where companies from both sides have been grouped into NEI Mining Equipment, which MacDonald would like to strengthen by making another acquisition (Anderson Strathclyde was the favourite but proved out of reach).

Defeatist

John Iredale, deputy general manager of Mackley Pumps, explains the benefits of the new grouping: "I think the National Coal Board wanted to talk to NEI Mining as a group rather than to the individual companies. Now we can offer a package and I believe it enhances our export prospects."

The engineering industry has been slow to change in Britain, and has paid the price in closures and decline. NEI has managed to fight off the defeatist attitude which has been so strong in parts of the industry, so that Harrison can say, "we have no intention of letting the base of this group in the UK shrink, otherwise you get to the point where your ability to do business is eroded." But it now has to prove that it has sufficient impetus to adapt and keep up with its international competitors.



Martyn Barnes

Prototype of a rough terrain vehicle being developed for the nuclear power industry

* Acquisitions: 1978 Baldwin & Francis; outstanding parts of International Combustion Holdings (mostly overseas) not acquired in 1974; 1978-79 Ferranti-Packard; Pearlson; 1979-80 International Power Machines; 1980 Extel (U.S.); 1981 APE Ashford Controls

Value added as an antidote to depression

THE LOCALS have dubbed the area "redundancy mile." Factories lie abandoned, victims of the recession.

Yet in the midst of this wasteland in Darlaston, north west of Birmingham, Wellman Cranes is "working flat out." Not only is it planning to expand its present 420-strong workforce to 470 in a short time, but it is maintaining its full complement of apprentices. And all because—unlike so much of the British engineering industry — it has managed to find replacement products for its traditional activities.

Wellman became part of Clarke Chapman (since subsumed into NEI) in an Industrial Reorganisation Corporation-inspired attempt in the early 1970s to rationalise and strengthen the British crane industry. It specialised in heavy cranes for the steel industry, which eight years ago comprised 80 per cent of its business. Today, the 40 tonnes slab crane being built for the British Steel Corporation at Port Talbot is the last steelworks crane on the order book.

Wellman is one of seven crane companies in the NEI group, which have a total turnover of £45m and employ 2,300. Each of the companies has had to find alternative products to manufacture in the wake of the downturn in the cranes market.

Roger Baker, managing director of NEI Cranes, the holding company, has no doubt that if they had not gone all out to find new products, they would have joined the other casualties in the industry.

Baker sums up his strategy: "Cranes will come back, but we will be less reliant on them. Our aim is to develop higher value-added products, and we can manage this because we have not had to dissipate our design teams."

For the present, Wellman has found its compensation mainly in the oil industry. The breakthrough came when the Government's Offshore Supplies Office steered a Texan company, Ideco, towards a British manufacturer to supply mud pumps for drilling equipment in the North Sea.

Ideco later transferred the work from Wellman to a French factory that it owns, but by then Baker had heard that Oilwell Drilling (part of U.S. Steel) was also looking for a UK licensee. Efforts to persuade Oilwell representatives to come and see what NEI was doing for the North Sea were unsuccessful, so Baker sent a director of one of the crane companies to sit outside U.S. Steel's London office until they agreed.

The outcome was that two companies in the group—Wellman and Clyde Booth—are now making a range of oil industry equipment, with Wellman supplying winches for oil drilling rigs. At first, the products were all destined for the North Sea, but a measure of the success of the operation is that Wellman is now making a substantial part of its production for the U.S.

Licence

Wellman was also able to increase its workload by convincing another U.S. company that it should take on the licence to make car presses after Vickers closed its Scotswood factory in Newcastle, and the factory is now completing a big order for General Motors in Canada.

Manufacture under licence has not normally been the most secure future for a company.

But Jeffrey Stevens, director and general manager of Wellman, says he has been able to convince the licensors that Wellman should be doing some of the design work as well as manufacturing, enabling the licensee to become more integrated into the whole operation. In this way, he has been able to keep together his design team during the years of change.

Design work is undertaken both by the individual companies in the group, and by NEI Cranes' design team at the head office in Leeds. Wellman, for instance, has developed a crane range for Spain's nuclear power industry in conjunction with a Spanish licensor.

Another part of NEI Cranes has developed a range of standard industrial gearboxes from the experience gained on making its own gearboxes for cranes.

Baker's strategy of going for greater added value has not been 100 per cent successful. Some of the licences Wellman has taken on have not provided anything like the amount of work that had been hoped for. It made a specialised tunnelling machine, for instance, which failed to yield a repeat order. In the meantime, a big question mark hangs over one of the companies in the group which has no new orders.

But the sense of the strategy, combined with good engineering expertise, has at least enabled most of the cranes group to survive. There have been numerous other instances in the engineering industry where a less resolute approach has led to factories being closed and skills lost for good.

Management abstracts

Do you really know the rules about directors' loans? R. Wyld + I. Lawson in Accountancy (UK), Sep 81

Explains the restrictions imposed by the 1980 Companies Act on loans to directors, and summarises the disclosure requirements.

Management by objectives revisited. R. G. Greenwood + R. F. Barton in the Academy of Management Review (U.S.), Apr 81

Traces how the concept of management by objectives was developed within the General Electric Company and put into practice in the form of a monthly manager's letter, specifying goals and activities and feeding back results of previous letters. Examines assumptions about the hierarchy of objectives that underpin the MBO concept and suggestions on how conflict can arise—and be resolved—when there are differing objectives.

Assessing market potential of research and development projects. A. Bisio + L. E. Gastwirt in Research Management (U.S.), Sept 81

Describes a quantitative framework used by the authors for considering the risks and cost of R & D strategies. The discounted-cash-flow and risk-analysis aspects are a rehash; the unusual feature is the incorporation of growth rates for future sales in place of the usual step increases.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (including VAT and p+p; cash with order) from Anbar, P.O. Box 23, Wembley, HA9 8DJ.

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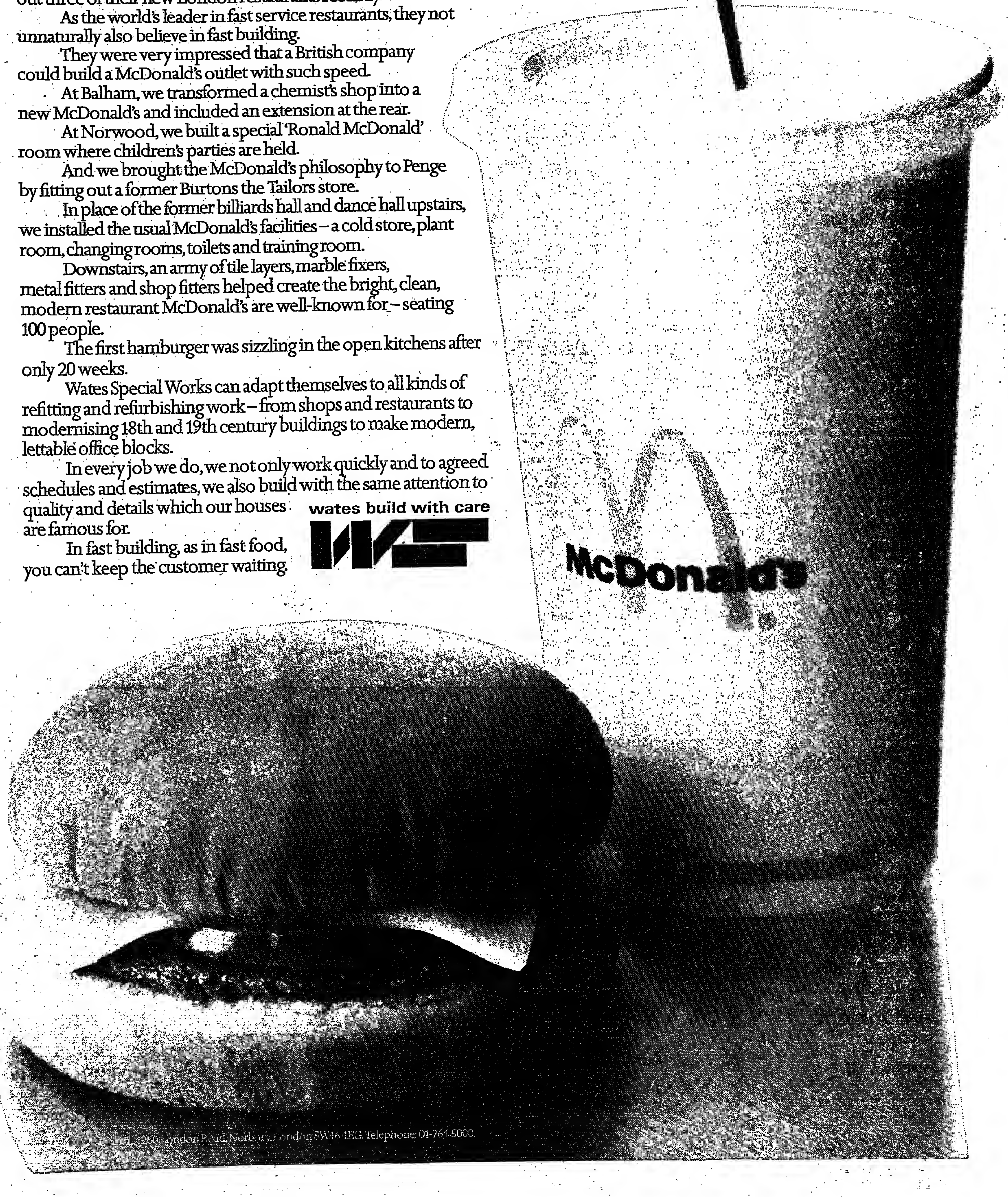

THE PROPERTY MARKET
BY MICHAEL CASSELL

Hong Kong Land justifies its waterfront site deal

DID Hong Kong Land go over the top in its determination to outbid the field for ownership of Connaught II, the 3.3 acre waterfront site in the Colony's central business district?

In one of the world's largest property deals, the company paid HK$4.78bn (£436m) against the nearest competitive bid which was believed to be in the order of HK$4.1bo.

The Hong Kong property market, perhaps one of the most volatile of all, eagerly awaited the outcome of the sale and the result look away the breath of those who do not expect to see the market's recent powerful performance repeated in the foreseeable future.

But in explaining the thinking behind the deal, a Hong Kong Land spokesman in Hong Kong was more disposed to bighlight the longer-term aspects of the sale, particularly as they relate to the company itself, rather than concern himself with short-term market reaction to the multi-milllon pound move.

The difference between Hongknng Land and most other developers in the colony, he said, is the group's tendency to retain its central district properties as investments, rather than developing for a quick sale. The particular attraction of the locatinn, he added, is that the Land company already has six, and soon will have seven Interconnected buildings in the immediate vicinity.

Hongkong Laod's iotensive study of the aite's value started in November of last year, just about the time property prices in the colony were softening in the wake of a stock exchange slide in share prices. It ran computer models for three months and sees rentable space declining as a percentage of tbe total in the central district, wilb most multinational incomers preferring to own their owo premises.

Evidence

There is, it says, hard evidence for its contention that there is still strong demand for "prime of the prime" space. The first, 300,000 sq ft pbase of the 600,000 sq ft Edinburgb Tower—the latest in its central district complex—is due to be completed tbis year. The building is not formally on the market but 85 per cent of the retail space, and a similar proportion of the office element, has already gone.

"Connaught II" is going to be a much bigger baby. Final details of the development are not expected before April; but after providing a bus aod minibus terminus at ground level, covered by a two-storey podium which will take in premises for Hong Kong's unified stock exchange, and an open pedestrian plaza, the company still reckons it will bave 2m sq ft of office space to rent.

The development is likely to have three tower blocks, two at the eastern end nearest the existing Connaught Centre—with a similar height at about 600 ft.

All this will take time, and the development will move in phases towards completion in 1986. Payment is to be phased, too. Hongkong Land is required by the Crown colony to pay 60 per cent of the purchase price within 90 days, but the remainder may be left for another 30 montbs without any interest charge.

In a more general review of tbe Hong Kong property scene, Chris Palmer of Richard Ellis, Hong Kong, notes that fluctuating interest rates put another variable into the outlook for the local market and settles for a 1982 prediction of prices consolidating within a +10 to −10 per cent bracket—thougb a more positive trend should he identified in the latter part of the year.

Ellis is not bullish about industrial space. At the end of 1981 the Hong Kong industrial market had an estimated total stock of just over 150m sq ft, almost half of which bas been constructed in the past five years.

Speculative market supply is expected to increase to over 20m sq ft per annum for 1982 and 1983, after a reasonably consistent 12m or so per annum since 1978.

WILLIAM COCHRANE

Grosvenor Estate to consider an appeal

THE Grosvenor Estate is likely to appeal against a decision by the Greater London Council planning committee to reject its controversial plans for the commercial redevelopment of the St George's hospital site at Hyde Park Corner.

The estate, which manages the family property interests of the Duke of Westminster, says it is considering a number of options bui ao appeal to Mr Michael Heseltine, Environment Secretary, seems tbe most likely outcome.

Another option would be to reduce further the scale of the office content of the proposed development. This, however, seems less likely given the view that any significant office content is likely to prove unacceptable to the GLC's ruling Labour group.

Help Pay

Tbe estate has stressed that it needs some office development on the site to help pay for tbe £8m restoration of the hospital building

The site is jointly owned by Grosveoor Estate and the Department of Health. Grosvenor says that approval of a development scbeme would enable it to buy the Department's interests in the site, the value of which is likely to be enhanced by several million pounds if planning approval is granted.

Labour members on the GLC appear to be upset by the Department of Health's decision to close St George's and also by the way in which just under half the site has reverted to the ownership of the estate

Under the terms of a covenant the Estate has been able to buy back its share of the site for just £23,700 — the original price paid by the hospital governors when the land was acquired in 1906.

But despite GLC objections, it is difficult to see how the costs for the much needed restoration work can be met if a commercial development, alongside, is not to be permitted. The Department of Health has made it clear that it does not want the site as a hospital.

Grosvenor Estate bas already reduced the scale of its office plans to meet objections by Westminster City Council. It might be prepared to take a further look at the office content if it was not felt that the Labour controlled GLC was likely to reject any commercial scheme out of hand.

Meanwhile, the Estate saya that the cost of maintaining and aecuring the hospital is being met by the Department of Health. In these circumstances it seems fair to suggest that it is time for tbe GLC to state clearly what it wants done with the site and how any plan is going to be funded. In the ahsence of any other realiatic proposals, the council should explain what level of commercial redevelopment it might be prepared to accept.

ANDREW TAYLOR

The Pru goes into housing

PRUDENTIAL Assurance and two of its wholly-owned subsidiaries bave been given Department of the Environment approval to carry out new huilding for rent under the assured tenancy scbeme created by the Housing Act 1980.

The Pru is the first insurance company to be given approval under the scheme.

● The sale of 19 properties in Bloomsbury, London, originally acqnired by the Department of the Environment as the site for the now relocated Britisb Library, bave been sold at anction by Cbestertons for £2.26m.

● Work bas started on tbe Crown Estate Commissioners' £13m redevelopment scheme at 111-125 Oxford Street, London, W.1. Schednled for completion in 1984, the development will provide 28,000 sq ft of retail apace, 53,000 sq ft of offices, flats and car parking. Capital and Counties, project and construction managers, have retained Drivers Jonas as tetting agents for the sbops and offices.

● Knight Frank and Rutley are asking £328,000 a year for the nearly-completed Town and City office scheme in Flanders Road, Chiswick. Tbe 32,000 sq ft building shonld be available for occupation by tbe middle of tbe year.

Greycoat goes for Regents Park scheme

NEVER apparently afraid to duck a planning challenge, Greycoat Estates has submitted a package of proposals designed to revive a site in the south-eastern corner of Regents Park in London.

An application before Camden council outlines plans which entail the restoration of no fewer than 29 listed buildings as well as the provision of a new 52,000-sq-ft office complex. The site is encompassed by Alhany Street, Park Square East and the Marylebone Road and the freeholders are the Crown Estate Commissioners, who are joint applicants.

The £9m scheme—a short distance from Greycoat-McAlpine's distinctive 250 Euston Road office development—would involve the repair and refurbishment of all the listed buildings. Most of them were designed by John Nash and his contemporary Jacob Smith and currently provide a mix of commercial and residential accommodation.

It is also hoped that the Diorama building—a spectacular but shortlived forerunner to the cinema—will be restored to preserve those parts of the original Pugin design which have survived since 1823. As well as offices and residential accommodation, the building will include a small museum.

The new office building will, if the plans are approved, be erected on the site of the former Dunlop building in Albany Street. There would be no net gain of office floorspace as the new scheme would offset accommodation lost elsewhere around the site.

The residential element of the development would provide about 107,000 sq ft of residential space in a mixture of houses and flats overlooking landscaped areas in the centre of the site. New 99-year Crown Estate leases would be available. The development could start in the autumn and would be completed in 1984.

Mr Peter Thornton, a Greycoat director, said the company had been involved with the site for about 18 months and had prepared eight different models in an attempt to reconcile the new parts of the development with the listed buildings.

"Various schemes have been put in and they all came to nothing. We approached the Crown Estate and, after detailed talks with them and Camden, believe we have come up with the right answers.

"The new office building is the key to the scheme's viability and we have worked hard to design something which will fit in with the Nash surroundings. We originally attempted a Nash copy but it didn't work and we have settled for a glass-clad building with fine mullions which blends well with the remainder of the site."

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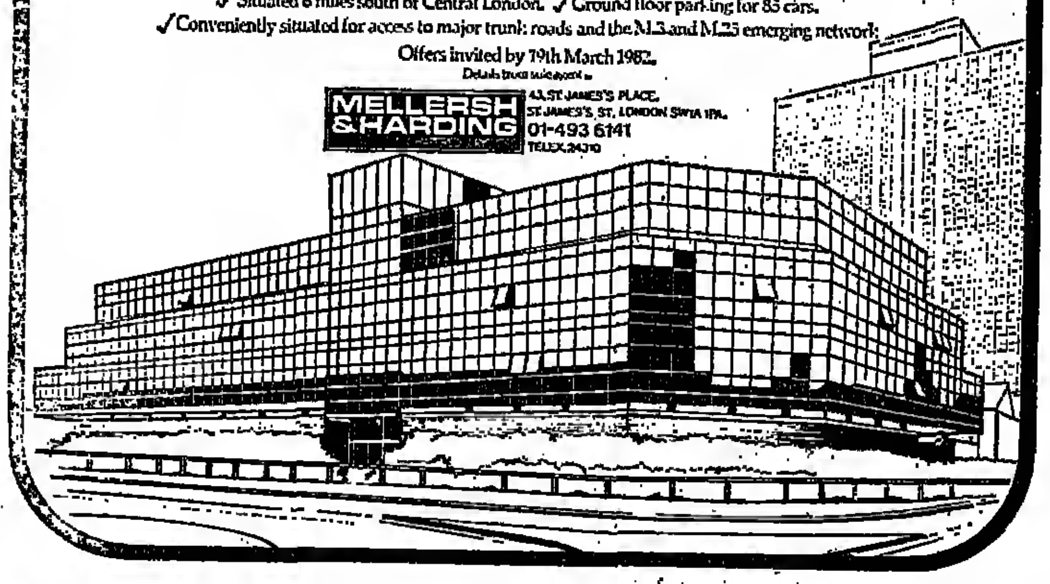

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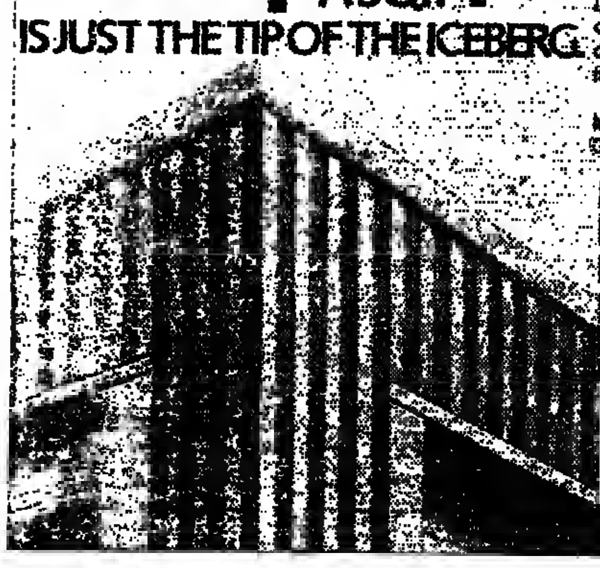

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FINANCIAL TIMES SURVEYS
OFFICE PROPERTY
FRIDAY 19 MARCH 1982

The Financial Times proposes to publish a survey on Office Property. The following synopsis outlines the topics to be discussed.

INTRODUCTION
This year will prove to be a testing period for the office market. Demand for space is still weak in most areas and rental growth still trails behind inflation. The brightspots and the blackspots. What are the prospects for further deterioration if the economy does not revive this year?

INVESTMENT
The problems of the office-letting market have not had a significant impact on the investment scene, with prime yields remaining firm. There has been some softening in secondary markets but a sustained period of low rental growth will be required before the overall yield structure weakens.

DEVELOPMENT
Development activity has tailed off in the wake of the recession. Many provincial centres do not currently support rentals which justify any wide-scale development programme. Industrial developers are still making the pace.

RENTS
A review of office rent profiles around the country and prospects for 1982.

REFURBISHMENT
Office development today invariably means the modernisation of what already exists but are good refurbishment opportunities becoming harder to find and more difficult to justify financially?

OFFICE TECHNOLOGY
The nature of office design is being transformed by the arrival of high-technology business systems and the need to maximise accommodation. The developer is being forced to think much more carefully about the likely range and variation of tenant requirements.

Planning
Planning and The Greater London Council
Office Costs
Mixed Office-Industrial Space
The remainder of the survey will comprise a review of some of the major office markets in the UK:
The City of London
The West End of London
Birmingham
Manchester

FOR FURTHER INFORMATION and advertising details contact TIM KINGHAM on 01-248 0769

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

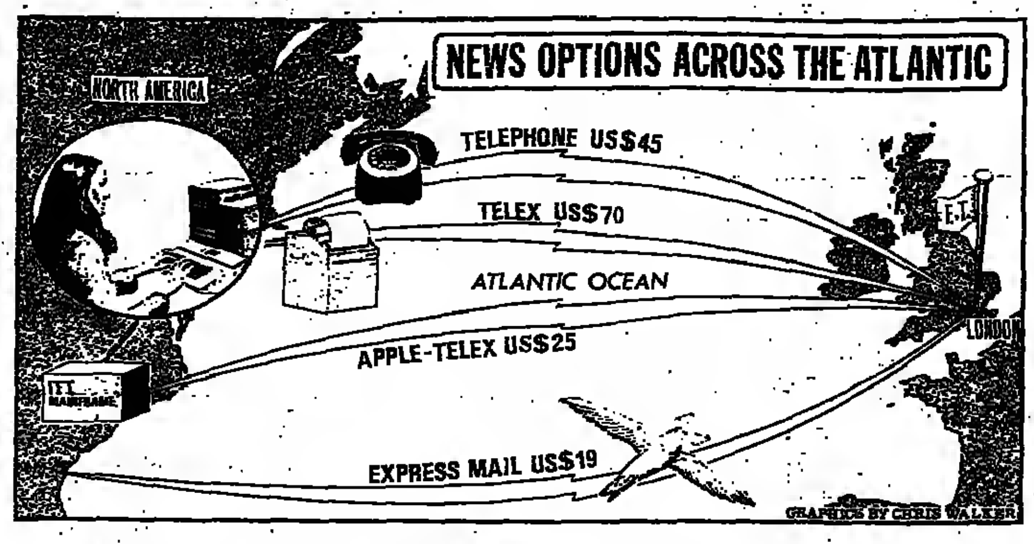
FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

TECHNOLOGY

EDITED BY ALAN CANE

How we get West Coast news cheaper

Louise Kehoe writes at home in California on her Apple micro. Her copy arrives at the FT in London quickly and cheaply. Here she explains how.



NEWS COPY URGENT. How do I get it to London in a hurry? The telephone is the obvious route, but if the story is a long one it is both expensive and time consuming. From California, the phone costs add up fast at $3 per minute (£1.49 a minute between 1 pm and 6 pm UK time) during normal business hours.

Another solution might be to drive to the nearest international telex office. In the U.S. this would be either Western Union, RCA or ITT, all of which have offices in main cities. They all charge 23 cents per word (or 7 cents per word at Press rates).

But the average delay before the message gets through is about 12 hours. If the news is really urgent, then that is not fast enough, and again, it is expensive.

Western Union has a toll free number on which customers can call a copytaker who will laboriously take down the message and then cable it to London.

While some operators are very patient, reading over a 1,000 word article takes at least half an hour. Another problem is that errors can creep in especially if the story contains technical terms. That service is also notoriously prone to slip-ups. Either the story does not get through for a couple of days, or it never gets there at all.

Or you can drive to the nearest mail office and express mail it—up to two pounds or so will cost only US$19—but it can take two or three days to arrive.

The simplest method of transmitting copy, I have discovered recently, is to employ my Apple computer as a teletype terminal.

Modem

A standard Apple II computer with an automatic modem available from D. C. Hayes (Norcross, Georgia) for about $400 can hook up to the telex company. Using a software package called microtelegram ($250), published by Microcom of Boston, Massachusets, the Apple takes you step by step through the process of sending a message.

A simple editing program is included in microtelegram to allow the user to prepare his message. This is designed for the average user who would normally send short messages—but is not really adequate for composing news stories.

Instead, it is possible to use a more powerful word processing system—such as Apple Pie—to write the story.

The next step is to transmit the text to ITT's mainframe computer (in my case this is in San Francisco). Using a series of menus, the microtelegram program sets up the correct protocols to communicate with the ITT computer and automatically dials the 'phone number.

For the cost of a local 'phone call, the Apple "dumps" its message into the memory banks of the large computer.

Telex for less

The telex company will then forward the message to its destination. With the ITT system, the message joins a queue. When its turn comes up, the computer will attempt to send the message. If the line is busy then the computer will try again 10 minutes later and continue to do so until it gets through.

ITT calls this service "Telex for Less." The cost is $1.43 per minute of transmission time from California to the UK. In practice, it turns out that a 1,000-word message costs approximately $25 to send.

Rates vary for different parts of the world—Puerto Rico is only $1.15 a minute, while it costs $2.94 per minute to send a message to the United Arab Emirates.

An added advantage of the system is that ITT sets up what it calls a mailbox in its computer for each customer and assigns them a "pseudo" telex number. This allows the Apple to receive messages as well as send them by interrogating the ITT computer at any time to find out if there are any messages waiting.

Beyond the cost saving, the sheer convenience of the system is marvellous. I write a story on the Apple, store it on a floppy disk and then send it on its way to the *Financial Times* without ever having to read it aloud, print it on paper or retype it. The computer technology that we so often write about on the *Technology Page* is finally beginning to work for us too.

Microcom is at 89, State Street, Boston, MA 02109. 617-367-6362. Hayes Microcomputer Products, 5835 Peachtree Corners East, Norcross, Georgia 30092.

BASF's new Hitachi computer

BASF, the chemicals giant with interests in data processing, has launched a new mainframe computer. Built by Hitachi of Japan, the machine runs at two million instructions a second.

It is, therefore, an intermediate-range machine competitive with the top of IBM's 4300 range.

Compared with the IBM 4341 Group 2 computer, BASF claims the new machine, the BASF 7/65, offers 50 per cent higher performance and costs 30 per cent less. It weighs 22 per cent less and takes only half the computer room space of its IBM equivalent.

BASF, Nasco, the computer arm of National Semiconductor and Olivetti all offer the biggest Hitachi mainframes in Europe, but BASF claims to be the only company in the world to offer the new machine.

It is IBM compatible supporting all current IBM operating systems in 370 mode and DOS/VSE native mode. More on 01-388 4200.

Geoffrey Charlish reports a conference on manufacturing methods

Automation—proceed with caution!

"INDUSTRY IS full," said a consultant in London on Tuesday, "of people, particularly at management level, who paint industrial pictures with broad sweeps of the brush, skate around or over the real problems and then move on to new fields of endeavour.

"The automation scene is most definitely not for them because final success will be achieved only by meticulous attention to detail at all stages."

This rather barbed statement from Mr J. A. Horne, a consultant who has clocked up more than 20 years of experience in the provision of cost-effective automation systems, perhaps sums up a current fear of management—that of rushing ahead with either fixed automation or robotics, only to find that the outcome is not quite what they had hoped for.

He was speaking at a one-day meeting on automation assembly organised by IFS (Conferences) and attended by some 50 production executives.

In fact, this week could have proved particularly fruitful for anyone with £200 or so available and three free days, since yesterday and today another event covering automated manufacture in general was put on by *Engineers' Digest*. It will be examined in a later article on this page.

This glut of conferences—there are more to come during this year—may well herald a rebirth of interest in automation, a subject which, in popular terms has attracted scant interest since the 50s and 60s and the days of the "white hote technological revolution."

The recent emphasis on "robots" may well have had something to do with it, although the widespread application of microcomputers to machinery and the pressing need to remain competitive in the face of good, cheap products from the Far East, have undoubtedly been driving forces.

One Tuesday, Horne was trying to outline some of the pitfalls for management. His experience indicated that they must realise there is no such thing as "instant automation" and that project planning and design takes time.

Less time might be wasted, he felt, on presentations and slow financial approval routines. On the other hand, senior engineering people needed to avoid making a stick for their own backs by being too optimistic in terms of timescale.

The conference was chaired and introduced by Keith Rathmill who is professor of robotics and tomation at Cranfield Institute of Technology.

He pointed out that up till now, most production engineers when considering automation have thought in terms of machines that move the assembly from station to station, often on a rotary indexing table, a new operation being performed at each station.

But these, he emphasised, are dedicated machines as a rule, offering very little flexibility and usually devoted to the large volume production of one part: typically one operation per second is performed.

Rathmill asserts that this approach has been taken over the years simply because reasonably priced re-programmable manipulators were not available and because control technology was not able to take advantage of the cheap computer power of the microprocessor.

It is evident that, if versions of these arms can be built only with assembly in mind, if they can be made fast enough, and if they can be endowed with adequate intelligence, then the prospect arises of machines which would be able to cope with a wide range of assembly tasks.

Such robots are beginning to appear says Rathmill (he cites the Remek PAM, a modular, low-cost, servo-driven unit) and probably will have a "profound effect on the design of future assembly systems."

There will of course, be limitations, since such units cannot be expected to take care of production functions needing large forces, such as pressing, bending and forming.

Nevertheless, it seems likely that multi-robot assembly systems will begin to predominate where flexibility of product is needed—and it will be increasingly needed to give product choice and consequent better competitiveness.

There may be savings too, because the number of work stations will be far less, there may be less special purpose hardware, and tooling costs could come down. There is also nothing fixed in the layout—the robots can be easily repositioned to suit the tasks.

Rathmill predicts widespread use of assembly robots. He cited the case of Parkinson Cowan, where £13m worth of a particular gas meter are made each year with "rows of ladies extending over the horizon." Cranfield has been asked to study possible robot use.

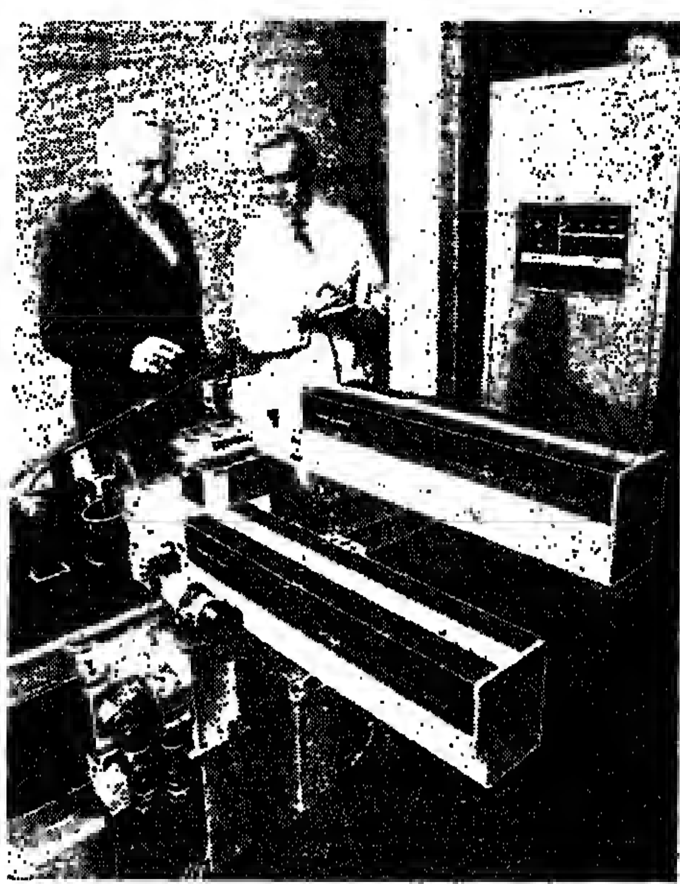
As such systems come into greater use, it will make increasing sense to design the product for production, provided that customer acceptability is not jeopardised.

Dr Alan Redford of Salford University pointed out that most designers think they already take this into account. "But," he said, "if a group of designers is given the same task, they will inevitably produce a variety of designs, and they will all be convinced that theirs is the easiest to assemble."

Redford has devised a rigorous method that can be applied to optimise the product for production. It involves, among other things, looking for common methods of handling, keeping an eye open for potentially redundant parts, eliminating costly assembly operations, simplifying shapes, getting rid of screw-assembled parts and avoiding asymmetrical testing of one part into another.

In a re-design of an immersion heater controller, Salford managed to reduce the part count by 25 per cent, increase the proportion of parts that could be automatically handled from 33 to 61 per cent and reduce manufacturing costs overall by 30 per cent.

The estimated cost benefit to the manufacturer will be between £50,000 and £100,000 and the whole exercise involved only eight people for six days.


General Electric's multi-armed assembly robot can react to missing components or reject substandard parts—but companies should not rush their plans to automate.

Cheap shot blasting cabinet

Small workshops should benefit from the introduction, by Vacu-Blast of Slough, of a small, cheap, shot-blasting cabinet.

According to the company, it can be operated, together with a small air compressor, from a standard single-phase, 240 volt electrical supply.

It uses the suction blasting principle and costs only £1,500. Vacu-Blast thinks it is ideal for glass decoration, dentistry, jewellery, garages and boat yards. More on 0753 26511.

Pasteuriser for farms

ALPHA-LAVAL has introduced a commercial milk pasteuriser which can be used on the farm. The "Microtherm" machine costs only £6,600, opening the possibility for dairy farmers of switching into producer/processing to supply wholesale to local roundsmen.

The company points out that dairy farmers are suffering a considerable decline in financial returns from milk production at present and suggests that the prospects for these farmers to establish their own pasteurising and bottling facilities to develop their own markets is good.

The machine is a self-contained unit incorporating a heat exchanger. Throughput is about 600 litres an hour.

DEC business terminal

MEASURING ONLY 18 x 6 x 15½ ins., weighing under 20 lb and costing from £1,351, a new portable terminal from Digital Equipment Company of Reading (0734 868711) has been designed for a number of environments but is aimed mainly at the business executive on the move.

The terminal, known as "Correspondent," can be supplied with a direct connection modem, an acoustic coupler, with both, or with neither.

Model A, with both, offers the greatest flexibility and the change between modem and coupler is made by simple command from the keyboard. Model B with the built-in modem offers direct connection to a telephone line for operation at 300/1200 baud while model C offers a 300 baud coupler. All the models have an RS 232C interface and in model D this enables the terminal to be used in local mode with a mini or microcomputer.

Thus, business executives are able to access home base computer systems from customers' premises or hotel rooms.

The terminal can handle several kinds of paper and prints 9 x 9 dot matrix characters. There are character sets to cover English, Finnish, Swedish, Norwegian, Danish, German, French, Italian and Spanish. In addition, the terminal can produce graphics with a 132 x 72 dots per inch resolution. It can be used with the company's VT125 graphics video terminal and VK100 graphics-programmable keyboard.

This week the company has also announced that it will be distributing its terminal products through five distributors only, although they themselves will develop further outlets. The main distributors are Abacus Electronics of Newbury, Bytech of Reading, MBS Rentals of Windsor, Rapid Recall of High Wycombe and Zygal Dynamics of Bicester.

THE ARTS

Cinema

The death of love by WILLIAM RODGERS

Priest of Love (AA)
Classic Haymarket, Odeon Kensington, Screen on the Hill
Ragtime (AA)
ABC Shaftesbury Avenue, Fulham Road, Bayswater
Blood Wedding (U)
Plaza, Camden Town

The tribal rites of modern industrial soceity place a low priority on the public initiation of the boy into the man. But we all have our private memories and my own emergence from childhood was marked by two literary events. In the first place, I gave up the "Aeroplane Spotter" of Peter Masfield for the "New Statesman and Nation" of Kingsley Martin (abandoned years later when I reached the age of wisdom). Secondly, and for *the moment more to the* point, I rejected the romance of T. E. Lawrence for the secret delights of his then notorious namesake.

I suppose it was inevitable that if one of my beroes was to give birth to *Lawrenca of Arabia* (David Lean and several Academy awards), in due course we should be seeing *Priest of Love.* Alas, the life of D. H. Lawrence has not lent itself to a film worthy of his peculiar genius.

"There's nothing in Europa except persecution and grey men," says Lawrence, setting off to exile across the Atlantic in the Aquitania. It is 1924 and in no time at all he ia coughing np blood. Five years later, he returns to die and meanwhile we have aeen some of hia earlier life in flashback.

In fact, the opening shot of the film is one of the hurning of "The Rainbow" outside the Royal Exchange heneath the banner of the Purity League and on the instruction of the censor, Herbert Muskett (John Gielgud). As we follow Lawrence from place to place, the scope for evocative photography is endless. There are clear skies and strong colours in Mexico and Tuscany and miners' cottages in Nottingham, rocky coastline in Cornwall, tea in Pall Mall and billowing London fog.

But Lawrence and his wife Frieda von Richthofen remain an unattractive couple. Despite a well-contrived likeness to the painting by Jan Juta in the National Portrait Gallery, Ian McKellen plays Lawrence like a WEA lecturer with an ontsize chip. "Go and 'ave a swim lass," is fairly typical dialogue. Janet Suzman as Frieda is bandsome and temperamental, but she also is given some pretty awful lines to say in her heavy German accent. "I think we should go upstairs and make love. Dn you not want me?" is vintage. Then there is Ava Gardner as Mable Dodge Luhan, Lawrence's American patron, and Penelope Keith with an ear trumpet, still to-the-manor-born as the Honourable Dorothy Brett, companion and groupie. Was it really all like that, without dignity or distinction?

There is a theme tune with haunting cadences of a familiar hymn and a moving moment as Lawrence dies just before the film's *bizarre ending. But* Lawrence ia worth much more than *The Priest of Love,* which remains a hrave attempt at best.

"There is no limit tn our opportunities in the photoplay" declares Tateh (Mandy Patinkin), one of the many aocially mobile characters in *Ragtime.* He is right. The film is big, sprawling, beautifully photographed and acted with panache.

The year is 1906 and the black-and-white newsreel reminda us that it is a time of mass immigration and rage-to-riches. The camera takes us from a stag night for millionaires and their police chief clients to the Hogarthian world of New York'a East Side, to the street markets and to Harlem. There are several stories loosely linked together and it takes time for the principal one to disentangle.

The sub-plot is the rise and rise of Evelyn Nesbit, a 19-year-old gold-digger played with fetching amorality by Elizabeth McGovern. From the murder of her former lover (Norman Mailer) through the trial of ber husband (Robert Joy), she is delightfully on the make, settling with a shrug for a $25,000 pay-off when caught naked with her boy-friend.

But the main story runs round the humiliation of a young, black piano player Coalhouse Walker (Howard Rollins) and his transformation into an urban guerrilla.

As Coalhouse weaves for himself the web of tragedy, a rather improbable course of events allows for the introdnction of a loutish Irish fire-chief (Kenneth McMillan) and the return to the screen of the great James Cagney as Commissioner of Police. "I can promise that your trial will be swift and your execution painless," says Booker T. Washington (Moses Gunn) straight from visiting Teddy Roosevelt at the White House. Brave man though be is, Coalhouse is not attracted by the option.

There is nothing very nasty in *Ragtime.* It is long, colourful and a littla bit boring, a film to be enjoyed hut not perhaps remambered.

Blood Wedding shows the preparations for and dress rebearsal of a flamenco hallet in a Madrid dance atudio. It is just "my own version of something that once happened before my eyes" as the director Carlos Saura puts it. Aa *flamenco hallet, it is very good,* but is it really cinema?

That baving been said, in a week of two glossy films, one of them certainly expensive, spare a thought—and a penny—for the film makea of modest means. In a world where the fairer distribution nf resourcea ia the thing, why not begin with the film industry? I like to enjoy my filma but to be left with something to think about. There *is* not much *so far in 1982.*

Janet Suzman and Ian McKellen in 'Priest of Love'

Benson and Hedges Gold Award open to opera singers

It haa been decided that the Benson and Hedges Gold Award for Singers (held in conjunction with the Benson and Hedges Music Festival) should be widened to include opera and oratorio singing. Hitherto the competition was confined to concert singers only.

Because Benson and Hedges feel there is still a need to encourage singers to take up the concert repertoire, all contestants this year will be required to include such works ln the various stages of the competition in addition to their operatic or oratorio arias.

There will also be a special prize awarded to the finalist who, in the opinion of the judges, emerges as the best concert singer of the competition.

The final concert will take place on Sunday, October 3, at Snape Maltings.

Harry Edison at UCS

The next concert in the apring term series of jazz events heing held at University College School, Frognal, NW3, will be on Thursday February 25 and will feature trumpeter Harry "Sweets" Edison with the trio of planist Dave Lee.

Starting time is 7.45 pm and tickets are £1.50 (in advance) or £2 at the door.

Hayward Annual 1982

Closing date for entries for the 1982 *Hayward Annual* is March 1. This year, for the first time, the Arts Council's *Hayward Annuol,* to be held from July 14 to August 30 at the Hayward Gallery on the South Bank, will be devoted to drawing and selected from an open submission. The exhibition is open to drawings in any medium.

All artists resident in the UK are welcome to submit up to three works (there is a handling fee). Forms and details are available from Jackie Ford and Snsan Ferleger Brades at the Arts Council, 105 Piccadilly, Loodon W1V 0AU (01-629 9495).

Sadler's Wells

Commedia by DAVID MURRAY

Close on the heels of Edward Cowie's bounding Concerto for Orchestra, premiered two weeks ago in Liverpool, comes the first (and perhaps last) British production of his 1979 opera *Commedia,* limping and wheezing. You may read elsewhere how amorphous it is—how muddled in conception, bow protracted, bow twee. Briefly, characters from the old *commedia dell'arte*—or rather, operatic lay-figures bearing their names—are bauled through a long, pointless story with mime-interludes. Symbolism and pantheism are rife, dramatically inept and ineffectual. Cowie's loquacious score aims at rapturous visions, but doesn't give flesh to the stage *action: nothing could.*

I discussed the original Kassel Stuatstheater production of *Commedio* in these pages. The present New Opera Company version (same conductor, James Lockhart; new producer David Freeman) answers better to Cokie's intentions, makes less of his actual achievement, flawed and partial though that is. Cowie's intentions, makes less of troupe as chorus, where at Kassel be got dancers and separate singers; Freeman has conjured up a suitable group, energetic and willing—but the collective movement is often messy, and the quasi-orchestral choral passages are less precise and magical than in Kassel. (Rehearsal time here must have been restricted; for 25 years the New Opera Company has operated with talented people and limited means.) The principals are made to look more like repertory *personae,* where Michael Geliot's Kassel cast were realistic grotesques in the genre of, say, *Albert Herring,* and carried much more emotional weight. In Kassel there was pathos at the end; there is none here.

Nigel Robson's Harlequin, excellently sung, *suggests* a natural comic with resources of gesture and grimace. Less inventive, Teresa Cahill's Columbine and Fiona Kimm's Contessa are musically scrupulous but dim: Paul Hudson and John Winfield do their best in confused roles. Kassel's German translation, I now realise, made a better job of fitting words to music than Cowie has done with David Starsmeare's original English text—false emphases abound, ang many lines simply can't be made out. The Cowie-Starsmeare Brighella is imagined as a godlike figure of mystery; Malcolm Rivers sings him forthrightly and cleanly, but Kassel's Walker Wyatt had a gravity and a mysterious tenderness of another order.

The real modern equivalent of the *commedia dell'arte* wonld be something like *Not the Nine O'Clock News,* or hetter the Canadian *SCTV Network:* quick humour, variously topical or fanciful, delivered by professional comics as stock characters. Cowie's *Commedia* characters are sentimental cut-onts, the Eternal This-and-That, mooning about in a landscape irrelevantly lit by Cowie's limitless adoration for *Nature.* Freeman has given him, I think, the sort of staging he wanted, and it doesn't work; Geliot concentrated on what the score could actually offer to the stage, and discovered some glowing moments. The new Concerto proves that Cowie can get his idiom cogently together. *Commedia* is just a cracked monument to his strenuous efforts along the way to that happy resolution.

Collegiate Theatre

Oberto by RODNEY MILNES

It would be foolish to claim that Verdi's first opera, written in 1839 when the composer was 26, is an unjustly neglected masterpiece. While no one can be quite sure who wrote which parts of the libretto, there is no doubt that it is of startling ineptitude, running out of plot by the end of the first act and marking time ponderously in the second. The complex and largely irrelevant historical framework, rashly given much prominence in University College Opera's programme, is no help.

The score contains long passages of semi-digested Donizetti innocent, however, of that composer's sudden flashes of insight. The influence of Bellini is not so much musical—though there is a succulent, *Norma*-like episode for sopranos in thirds in the "Grand Duet" found in the autograph but not in the published score, and rightly given by UCO — as of pace: dangerously unvaried and generally *moderato* with little of the headlong impetus of other early Verdi operas. Yet in the midst of it all there are marvellous things that could only have heen written by Verdi: the canon in the first finale, the tenor aria "Ciel Pietoso," the beautiful middle section of the bass/soprano duet (the first of so many for father and daughter), and the second-act quartet, which may start as Donizetti, but ends unmistakably as Verdi.

All this should be enough to fill the Collegiate for the remaining two performances tonight and tomorrow. The staging is first-rate, in a most attractive permanent set by Sarah Jane McLelland, atmospherically lit by Paul Pyant.

Musically, UCO maintains its extraordinarily high standards. Under Christopher Fifield, the College Orchestra produced consistently well defined, crisp and expressive playing, and Mr Fifield showed a convincing grasp of the musical idiom.

The main point about the soloists was that they had obviously heen most carefully prepared: the voices may not have been what one might expect to hear in, say, Parma (no ham, at least) but they were used with taste and musical insight. As the put-upon, Donizetti-ish heroine deserted by the tenor, Helen Walker produced some beautifully coloured sounds in the lower register but sounded tired at the top; as her sympathetic rival, Mary King seemed more soprano than mezzo, but had a nice edge. Norman Welsby (Oberto) has never been a *basso cantante,* and substituted generalised dramatic intensity for smoothness of line. The most authentic sound came from Anthony Roden, quite excellent as the feckless Count of Salinguerra. The opera was sung in Italian, roughly speaking.

Mermaid

The Portage to San Cristobal of A.H.

Christopher Hampton has adapted George Steiner's short novel about a group of Israeli soldiers tracking down Adolf Hitler in the Brazilian rain forests and, in a strange way, merely re-written his last but one original stage play *Savages* (1973). In that piece, the main theme was the imminent genocide of tribal Indians; here, the genocide continuously remembered is that of 6m Jews. The captive then was a minor British Embassy official held as a hostage by guerrillas. Steiner's fiction asks how we would react if Hitler walked into our drawing rooms and proceeds, in the last half-hour, to construct a rhetorical defence of his actions as "a man of his time."

The play follows the novel too faithfully. It fails to provide drama, or even the sort of head-on Shavian debate that is surely invited by the material. In the first half, Emmanuel Lieher sits alone at the top of Jocelyn Herbert's scaffolded gantry sending out radio signals to the soldiers and reminiscing on the crimes of the Third Reich. John Dexter's production is sadly let down by Sebastian Shawa fumbling articulation.

Lieber disappears after the interval. We see all sorts of interested parties gliding from the Mermaid's magnificent deep stage on a raised dial to chew over the horror of what to do about the ancient refugee from the bunker. Around this inner stage, Hitler languishes at the end of a long rope, tied to a stake. We are warned about his voice. Women would tear their clothes off just to hear it. When trapped, Hitler quakes and emits a solitary "Ich?" He has two other words before the big speech: "Musik" on hearing some, "blumen" on receiving some from a representative Indian (who prostrates himself in admiration at the end).

When the soldiers think they will not get out of the jungle, they stage their own trial. Hitler clears his throat to speak. Alec McCowen launches himself into this bravura episode with a cracked, unnaturally deepened voice. He makes three major points. His philosophy of the Promised Land, of separatism, nationalism or whatever, was learned at a Jew's knee: Zionism led to the Third Reich. The blackmail of transcendence was preached to the world by two Jews, Christ and Marx. And he killed far fewer people and, he claims, less horribly, than did Stalin. Who are we to pass judgment on him, an audience surrounded (the implication must be drawn) by Afghanistan, El Salvador, Poland, Northern Ireland?

Steiner has pursued such arguments at length, most notably in a body of essays in *Language and Silence* (1967). He is haunted (a favourite word) by the apathy of civilised intelligentsia such as himself. Much of this stuff is fascinatingly related to the plight of the European artistic Jew. But the theatre is an odd, imperfect medium for careful, if dangerous, argument. Hampton's play is neither as successful as Hochhuth's *The Representative* (in which Pope Pius XII is skewered on his own silence for the crimes of the Third Reich—Steiner himself haa wanted to know, along with others, why Churchill did not bomb the railway lines to Belsen and Auschwitz) nor as genuinely unsettling to liberal attitudes as an Artaudian exercise such as Pip Simmons's *An Die Musik.* The dramatic effect of the play is to leave you muttering, well, yes, perhaps the old house painter had something going for him after all.

Perhaps Steiner and Hampton are seeking a more perfect, responsible audience than I would wish to join. The central thesis, that "the Jews are a people whom totalitarian barbarism must choose for its hatred" (to quote from "A Kind of Survivor") is despicable and insulting.

Despite Dexter's window dressing, which recalla bits of his *Royol Hunt nf the Sun* triumph, the play is a dramatic fraud and a dubious exhibition of cool logic.

MICHAEL COVENEY

Festival Hall/Radio 3

The Apostles by ANDREW CLEMENTS

Elgarians will continue to argue over the relative merits of *The Dream of Gerontius* and *The Kingdom,* but not many of them would be prepared to take up the cudgels on behalf of *The Apostles.* The score contains many beauties, but it does not have the variation of dramatic pace or vivid characterisation that make the greater oratorios such involving and moving experiences. In *The Apostles* for the first time Elgar works out the intricate pattern of motives which was intended to bind together the biblical elements of the trilogy of works that be did nnt complete, and his concern for scriptural fidelity seems to dominate all other concerns.

One of the more surprising outcomes of Gennadi Rozhdestvensky's term with the BBC Symphony Orchestra has been the discovery of his sympathy with English music and with Elgar in particular. And as if to nail his colours firmly and finally to the mast, on Wednesday Rozhdestvensky tackled *The Apostles.* His account seemed affectionate rather than convinced, as if the piety of much of the music and its predominantly slow pace had lulled him into an overdone religiosity. The instrumental solos were smoothly integrated (the BBC SO woodwinds especially on excellent form) and the choral contributions—the BBC Singers augmented by the BBC Choral Society—bad evidently been scrupulously prepared. But the performance did not come to life.

The aoloists fared as well as the music allowed them. Kenneth Woolam's narration as St John suffered from some peculiar, unwarranted word stresses at times, and some moments of raw tone; David Wilson Johnson and John Shirley-Quirk as Jesus and St Peter, respectively, made grateful sounds, but did not manage to transcend Elgar's literal characterisation. Only Malcolm King's Judas, given the oratorio's single most dramatic aria at the beginning of the second part, was developed into three dimensions.

Alfreda Hodgson's Mary Magdalene was gravely, intelligently sung, full of the appropriate emotions, carefully exploited; Felicity Lott as a bright, light Blessed Virgin and Angel Gabriel was always easy on the ear. But the score remains recalcitrant, still very much inferior to its two most illustrious fellows.

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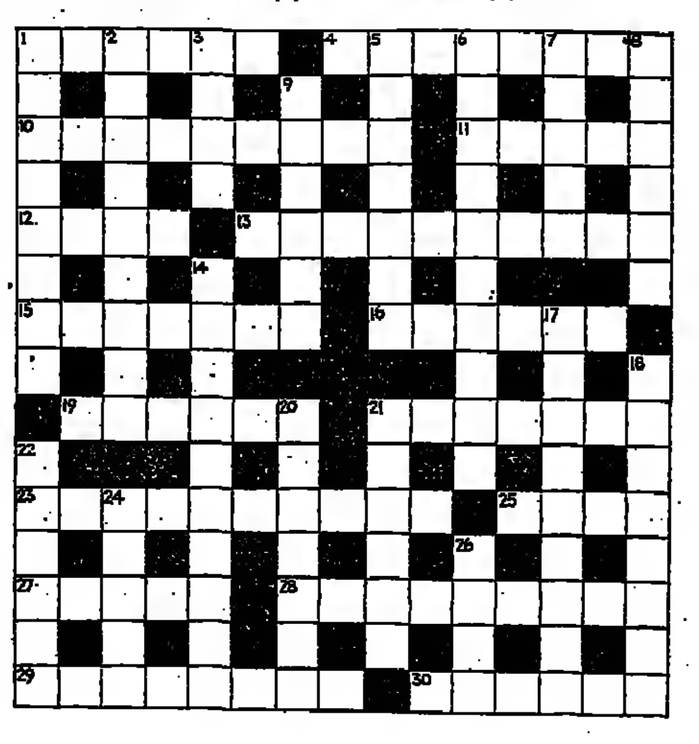
F.T. CROSSWORD PUZZLE No. 4,802

ACROSS

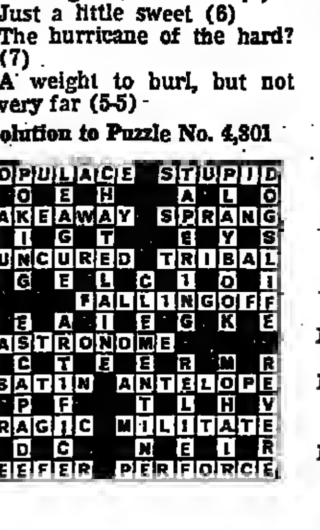
1 Row gently, hut get one's feet wet (6)
4 Pipe back gas to any festival (8)
10 Witness bas to put to proof if that is right (9)
11 A bit I mixed in bone (5)
12 Observe notice (4)
13 What greenhorns may bave after a long march (10)
15 Type of record learner set in race as substitute (7)
16 Fish right inside ditch (6)
19 Just a little sweet (6)
21 The hurricane of the hard? (7)
23 A weight to burl, but not very far (5-5)
25 Type of sword used in the peerage (4)
27 A sailor returning from the mountains . . . (5)
28 . . . to pierce another sailor and acting corporal (5-4)
29 Setting forth an example (8)
30 Kind of hoe that can also drill holes in trees (6)

DOWN

1 Crock pockets her old penny (8)
2 Disease common to painters (9)
3 Left on gas in den (4)
5 Fairy with a small spot that's olivine (7)
6 Would it be safe to detect me making Spanish wine? (5,3,2)
7 Move at an easy pace with doctor in drink (5)
8 Foamy? Yes, over a filthy place! (6)
9 Niggard with a note making a solo call (6)
14 Hold molety going to admiral (4-6)
17 Inferior winch from hawker who professes to give bargains (5,4)
18 One who harely runs a line with besitation (8)
20 Military formation for persons of one rank (7)
21 Harassing as a problem may be (6)
22 Trembling like a fish (6)
24 Other ranks cut off the top of *deck* (5)
26 Two angliciaed notes to measure (4)



Solution to Puzzle No. 4,801



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Friday February 19 1982

The renewal of companies

OVER the past few years large industrial companies in Europe and North America have been adjusting to drastic changes in the world trading environment. The accent is on competitiveness — better products, more efficient manufacturing methods, higher productivity. Inevitably the negative aspects of the process—lay-offs and plant closures—have received most attention; many big companies have substantially reduced their labour force and there is no early prospect of returning to their former levels of employment. But there is a positive side which is important and encouraging. However successful governments may be in stimulating new entrepreneurs and small businesses, medium sized and larger companies will continue to provide a very large slice of manufacturing employment; the healthier and more soundly based this sector can become, the better are the prospects for economic growth.

Reappraisal

Three strands are worth highlighting. One, which was the theme of a lecture by Sir Alex Jarratt, chairman of Reed International, earlier this week, is the reappraisal of business objectives after a period of over-ambitious expansion. The idea that companies can compete successfully in a whole variety of different industries and different parts of the world has given way to a more sober assessment of where their strengths lie. Rapid growth financed by debt has brought some companies to the point of collapse. Those, like Reed, which have come through the crisis have had to re-establish their corporate objectives almost from scratch.

Instead of always searching for new fields to conquer, they are putting more stress on proven mainstream businesses where there is a viable base on which to build. Not all their traditional activities, of course, have been able to survive. In Reed's case the most recent recession finally undermined the economics of making certain commodity grades of paper in the UK. The contraction of paper-making capacity is sometimes seen as further evidence of British "de-industrialisation." But the answer to "de-industrialisation" is not to prop up declining industries which suffer from unavoidable cost disadvantages, but to build on those sectors which can compete. What Sir Alex called "corporate renewal" involves, among other things, a more selective and tougher approach to investment decisions.

The reappraisal which Reed and others have been going through often involves the divestment of peripheral businesses. Some of these operations have been sold to the managers concerned and set up as independent companies in their own right. The fashion for "management buy-outs," which started in the U.S. and has been taken up enthusiastically in the UK, is a healthy one.

Quality

A second strand is a renewed emphasis on quality of the product and on manufacturing efficiency. The production manager, the designer and not least the operator on the shop floor are being accorded a higher priority by many manufacturing companies than in the days when take-overs and diversification were all the rage. There is a growing realisation that "staff" functions have often become too elaborate and costly and that the key to success lies in strengthening the "line," that is, those functions directly concerned with designing, making and selling the product.

This leads to the third and very important strand, which was illustrated in the agreement reached this week between Ford in the U.S. and the United Automobile Workers. In return for concessions on wages the union is being offered a profit-sharing scheme and a new approach to job security. While the agreement has still to be ratified by the rank and file, it points the way towards a more constructive relationship between management and labour.

Imaginative

The U.S. motor industry has been forced to recognise that its traditional approach to collective bargaining, in which confrontation rather than co-operation has been the rule, is out of date and that more imaginative approaches to employee participation are needed. This is a lesson which has to be applied more widely if the adjustment now taking place in European and American industry is to be successful.

Trading choice for Australia

AUSTRALIA HAS been a doughty fighter against the excesses of the EEC common farm policy under the leadership of Mr Malcolm Fraser, the Prime Minister. It has threatened to put together an international front against the policy's way of disrupting other countries' export markets. It has also beavered away both in the Gatt and the OECD.

Mr Fraser himself has at times eloquently espoused the cause of the Third World, knowing full well that the poor countries badly need freer access for their goods to the industrialised markets. Last August, he appeared to have drawn the right conclusion when he instructed an advisory body, the Industries Assistance Commission (IAC), to look over Australia's own well-oiled protective machinery.

The IAC is a stronghold of free traders. It is also accustomed to grief. Political pressures exerted by special interests have in the past often frustrated its recommendations. There are reasons to suppose that we are in for a replay. Though there has been some sign of give in government policy, the opposition of many manufacturers and of labour to throwing open the Australian market has proved strong.

The most heavily protected areas are textiles, clothing, footwear, and motor vehicles. The first three are of special interest to developing countries. Mr Malcolm Fraser's Government has made concessions to importers of unfinished textiles. But for the finished product, for clothing and for footwear quotas will remain in force, though on a declining scale.

Brooding

After several months of governmental brooding, the motor industry has also been assured of a high degree of protection for years to come. At present a quota system reserves about three quarters of the Australian car market of some 450,000 units a year for domestic producers.

The IAC has put forward what can only be described as a mild proposal: to abolish quotas and to bring the tariff down in stages to 35 per cent by 1990. It was turned down. Canberra decided to retain quotas, allowing them to rise gradually to 133,000 units by 1990. The tariff stays as it is.

Political considerations explain the reluctance of the Australian authorities to proceed towards freer trade. The Liberal Party, senior partner in the Fraser coalition, is going to be hard put to win an important election next April in the state of Victoria, one of the manufacturing areas of the Commonwealth.

Support

The election apart, the Liberal Party draws much of its support from manufacturing interests which have become accustomed to operating behind a protective curtain. The smaller coalition party in Canberra, the National Country Party, finds the bulk of its support in rural areas and its spokesmen have at times pleaded for less protection.

Similar cries have come from Western Australia, with a resource based economy. Sir Charles Court, Premier of Western Australia until his recent retirement, has complained bitterly that protection for eastern manufacturers forces Australians to pay 20 per cent over the odds for manufactured products.

A normally reticent body, the OECD, has read Canberra a lecture about the error of its ways. In its latest annual report on Australia the OECD warns Australians that protectionism aggravates the inflationary dangers they already face.

Their country is in the opening stages of a resources boom. That boom will exert an upward pressure on wages, not only in the resource sector: it will also cause upward pressure on the exchange rate—immediately by drawing in capital imports, and subsequently by increasing exports, especially of energy and energy-intensive raw materials.

The OECD concludes that higher export receipts must eventually lead to greater import penetration. It could result from a rising exchange rate or faster-than-average inflation —in other words a loss of competitiveness endangering the benefits Australia expects from its natural resources. The rational alternative is to lower import barriers, a course from which both consumers and Australia's trading partners would profit.

RAIL STRIKE ENDS

More of a truce than a victory

By Philip Bassett, Labour Correspondent

BRITISH Rail and Aslef, the train drivers union, formally agreed early yesterday morning to bring to an end six weeks of guerrilla warfare on British railways.

But who, if anyone, has won —and at what cost? And is it only a matter of time before war breaks out again?

The BR Board has clearly not got what it originally wanted. It is to pay Aslef members the 3 per cent second stage of last year's 11 per cent pay deal which it has been withholding—without any signed agreement from the union about varying the normal eight-hour working day to fit in with BR's proposal for flexible rostering based around a seven-nine hour day.

Publicly, this is already widely seen as a defeat for BR. Politically, Ministers and Tory backbenchers are angry that Aslef are even able to claim victory. The calls for the head of Sir Peter Parker, BR chairman, are unlikely to go away.

But the Board has got considerably more from Aslef than it was prepared to give at the beginning of the dispute six weeks ago. BR would have liked even more, but the form of words agreed with the help of the Advisory, Conciliation and Arbitration Service and Mr Len Murray, TUC general secretary, specifically excludes nothing—including varying the eight-hour day—from the forthcoming negotiations on productivity.

Crucially, the expected non-binding arbitration on the issue by the Railway Staffs' National Council (RSNT)—like the Acas inquiry, chaired by Lord McCarthy—will specifically report on BR's proposals to implement the relevant part of last year's productivity understanding with Acas. This said: "Negotiations shall take place to establish variations to the rostering agreements with a view to introducing some flexibility around the eight-hour day.

However their talks go, the real cost of the dispute in industrial relations terms may still be to come. Flexible rostering is one of the more minor productivity changes BR is seeking. If Aslef has been prepared to go this far over this issue, what is the prospect of BR avoiding greater trouble over more contentious items?

For instance, BR has already drawn up unpublished proposals on the single manning of trains, "with the objective of seeking higher productivity and single manning wherever possible and including one-man only operation development." This would make major inroads into Aslef-represented jobs.

Negotiating this may be all the harder because Aslef has been considerably strengthened by the dispute. If an employer is thought to be going for a particular union—as both this dispute and, for example, the Times Newspapers showdown with the National Graphical Association were seen to be—and a humiliating defeat for the union is avoided, then the union is seen to have triumphed. In that respect it has been a classic British trade union dispute of its kind.

A classic British trade union dispute of its kind

Unusually, however, much of the argument surrounding these strikes has been semantic—on what precisely the two Acas understandings on pay and productivity last summer really meant to BR and Aslef. Lord McCarthy, in this week's report of the independent inquiry into the dispute, which led directly to yesterday's agreement, mada no judgment on whether this section means simply talking about productivity—or agreeing to it.

BR's basic problem is that it has still not been able to tie Aslef down firmly on this issue. The room for different views is clearly still there. But BR believes that this time both the full weight of the RSNT and of the TUC are likely to be deployed against Aslef if it fails to deliver on what BR sees as its productivity commitment once the issue has gone to arbitration.

Yet some BR officials worry that the payment of tha 3 per cent to Aslef, in effect, robs the Board of any sanction against the union if it fails to agree to vary the eight-hour day. Some of BR's management are gloomily considering the prospect of having to use this year's pay settlement dne in April as another stick with which to beat Aslef. However, the disastrous financial effect of the 17 one-day strikes will severely restrict BR's ability to fund even a modest deal this year—so reducing further the availability of a pay sanction against the union.

For Aslef the outcome can probably fairly be claimed as a victory—at least for now.

> Aslef has never varied its case throughout. While all around–BR, Acas, the TUC, the NUR and others–made often near-frantic efforts to resolve the dispute, it simply sat tight and refused to budge

Mr Ray Buckton, Aslef general secretary, and the union's tough-minded executive committee have never varied their case throughout. While all around them—BR, Acas, the TUC, the National Union of Railwaymen (NUR) and others —made often near-frantic efforts to resolve the dispute, Aslef simply sat tight and refused to budge.

The union insisted that the 3 per cent should be paid to its members: it will be.

It insisted that the whole issue should be taken through the industry's own negotiating machinery: it will be.

In that sense, BR's acceptance of that part of the McCarthy inquiry's proposals is clearly an acceptance of Aslef's terms for ending the strikes.

So the central question remains what it was at the beginning. How far—if at all—is Aslef prepared to shift from its rigid adherence to the eight-hour day? Only the forthcoming negotiations will answer that. BR's gamble—and it is a crucial one—is that the RSNT will rule in favour of flexible rostering. If so BR may be able finally to claim that all the pain of the past six weeks has been worthwhile.

Even if Aslef accepts the arbitration finding, there is still a risk involved: Aslef members, as opposed to its leaders, may baulk at the deal.

The National Union of Railwaymen (NUR) agreed before Christmas to flexible rostering —though the 15-9 vote on the executive showed a substantial minority of its leaders were unhappy with the agreement. Despite the weighty personal backing given to it by Mr Sid Weighell, NUR general secretary, and the efforts of both senior NUR officials and local BR managements to sell the deal to NUR members, the union has encountered forceful resistance to seven-nine hour rosters at local level.

NUR guards might not have rebelled had Aslef not already been on strike over the issue, but if there is that level of resistance within what has traditionally been regarded as a moderate union, what will happen when the much more militant Aslef tries to persuade its members to accept it? Many Aslef officials will be reluctant to follow the NUR's example and "shove it down their throats," as one NUR leader put it.

Meanwhile Aslef members have shown—by the standards of most strikes—astonishing support for the union. Their support has been so solid that a generally hostile Press could only find one driver, two weeks from retirement, out of the union's claimed 27,000 members, who drove a train on a strike day.

The union's tactics have been vindicated. Its policy of selective strikes has cut its members' pay, but not halted it.

There have not been major inroads into the union's tightly balanced finances. Aslef's careful avoidance of an all-out strike has meant the possibility of it having to pay out financially ruinous strike pay never became a danger.

True, its members have lost money. The payment of the 3 per cent, backdated to August last year, is due to take the basic rate for a driver from £101.35 to £104.15. Since each Aslef member has probably lost about £360 from the series of strikes, it will take them 2 years to make up their losses from the increases paid.

Terry Kirk

Aslef general secretary Mr Ray Buckton: astonishing support from his members

There is a threat to jobs from the strike. While the worst figure of 16,000 job losses stemming directly from the strike may be avoided, if business either falls or stays away as a result of the strike, the 7,000 jobs due to go this year could rise to about 10,000.

For BR, the cost of the strikes is even higher. By the end of the final day's strika yesterday, they will have cost BR about £100m in lost receipts.

The permanent loss of business — particularly freight — to other forms of transport in which customers have more confidence could be even more serious. Freight losses in the long term could run to between £20m and £80m a year — BR estimates that about 20 per cent of its recently hard-won traffic is now being carried by road.

The ending of the strikes has meant that BR will now only marginally breach its £100m short-term borrowing ceiling imposed by the Government. However, the Government is unlikely simply to soak up the overshoot in BR's £920m external financing limit, which is in excess of £50m. That will have to be clawed back from next year's £950m limit, though BR hopes that a long-awaited review of its whole financial structure may help ease that burden.

The cost to industry may not have been high. However, like the effect of the strikes on commuters, the level of irritation is considerable. For instance, normally Ford has about 15,000-17,000 finished vehicles in transit on the railways at any one time. The strikers have pushed that figure up to about 30,000. Ford hopes its customers will wait and that it will not lose its business; but the dent in its confidence is there.

Both sides may be claiming early victory. The final reckoning, though, will probably not emerge for some time yet, and may be less clear when it does. Mr Weighell probably got it right when he said earlier this week that there would be no winners in the dispute: "No matter what happens now, everyone will have lost."

PASSENGER AND FREIGHT TRAFFIC 1950-1980 (millions)

	Freight tonnes	Passenger journeys
1950	286	982
1960	252	1,037
1970	209	824
1975	175	730
1980	154	760

Source: Department of Transport

Men & Matters

Front row

Nothing like a good Rugby forward to impress the South Africans — and the Foreign Office has chosen one in Ewen Fergusson, its next ambassador to Pretoria. As a schoolboy at Rugby, he kicked the winning goal in the film of "Tom Brown's schooldays."

Well over 6 ft, weighing 18 stone without an ounce of fat, former Scottish international Fergusson's presence in the South African capital is not likely to go unnoticed when ha takes over from Sir John Leahy in April.

Aged 49, Fergusson has already served in Addis Ababa, New York, and Brussels where, as number two to Sir Michael Palliser, he is fondly remembered for the parties over which he presided in a butcher's apron.

After his return to London in 1975, Fergusson served as principal private secretary to three successive Labour Foreign Secretaries: James Callaghan, Anthony Crosland and David Owen.

He kept in trim for the job then, as now, by swimming 20 lengths before clocking in at the FO each morning.

Left out

The TUC, I know, is not the most popular organisation in Government circles. But it was still a surprise to find this year's TUC chairman and television technicians' leader Alan Sapper standing on the sidelines as more than 300 guests of the Lord Mayor and the Industry Department trooped into a business opportunities lunch at the Mansion House yesterday.

"I'm not on the list but they've said I can go and find myself a seat," Mr Sapper told me. "No, I'm not going to stage a walk-out—but I'm not going in until they find me a seat."

The dispute was eventually resolved. Mr Sapper was ushered to a table, still being quizzed: "Are you sure you said you were coming . . . ?"

Like many others, he must have wondered why he was there at all. None was more mystified that the treasurer of the Royal College of Physicians, Dr N. Compston. He has never had, nor expects to have, anything to do with small firms.

The RCP does need £2m to sort out its finances but there seemed little oportunity of doing that sort of business with the Industry Department.

Men of straw

Just how seriously does the Government take its duty to reduce the £112.78bn National Debt? The answer, I fear, is not very seriously at all.

Labour economics spokesman Jack Straw, questioning the Chancellor of the Exchequer yesterday, discovered that the last time the Commissioners for the Reduction of tha National Debt got together to discuss the issue was back in 1945.

"Oh, that's where they deal with the ASLEF negotiations"

The august body—including the Chancellor, the Speaker of the Commons, the Lord Chief Justice, Master of the Rolls, and the Governor and deputy-Governor of tha Bank of England—was set up in 1786 when these matters were considered important.

Under tha original Act, tha Commissioners were charged to set aside £250,000 a quarter from various Government moneys to get the country out of the red.

Admittedly, that would not go far in these days of £1bn-plus gilt-edged issues—but at least you would think they'd try.

Over at the National Debt Office in Aldermanbury Square, they cheerfully confess they do not know just how deep in debt we are.

"It is only when someone leaves money or jewellery in their wills to reduce the debt, that we get involved."

Snapdragon

Remember Charlie Chan and the curse of the Dragon Queen? And how American Communications Industries became one of the first USM casualties when the great movie-going public shunned the film?

The Dragon Queen must have bad a sting in her tail as well. For tha picture, or others in the same distribution stable, has poisoned the proposed takeover of Laganvale Estate by Sturla Holdings, the leasing equipment group.

Laganvale, in which Jim Slater has a 26 per cent stake, has now decided that it can't quite agree Sturla's profit forecasts on the basis of its film leasing operations.

Sturla leased two of the films ACI distributed — Beatlemania was another overwhelming flop with the fans—but still says it will make big profits this year.

At the centre of the present inaction is Tony Rudd, the stockbroker turned financial adviser, who arranged the USM quota for ACI, who sits on the Sturla board and who would have underwritten half Sturla's bid for Laganvale.

Bob Knight, the Magic Circle member who heads Sturla, is picking up the discarded pieces from the cutting room floor. He plans a rights issue which he thinks will have the same effect on Sturla's finances as the Laganvale deal.

No prizes for guessing who he thinks will participate in the sub-underwriting. Slater, of course, now quietly esconced in an office above Kensington High Street writing children's books.

Seams logical

Political expediency appears to lia behind the French Government's choice of a Communist to head Charbonnages de France, the state coal authority.

For 57-year-old Georges Valbon is a printer by trade. He follows in the footsteps of economist Claude Quin, who last August became the first Communist to head a French state company, the Paris transport authority.

Valbon, a member of his party's ruling central committee, is a popular figure in the CGT union and the "Red Belt" of suburban Paris. He heads the departmental council in Seine-Saint-Denis.

One thing that Seine-Saint-Denis does not have is coal. Still, there may be some logic in giving its top job to a Communist. Not only has the party always fought to keep the coal industry going, but through the CGT it holds a key to labour peace between the Government and France's 27,000 miners.

Ring of truth

Overheard in the Law Courts: "They met in St Tropez and he bought her so many expensive presents, in the end he married her for his money."

Observer

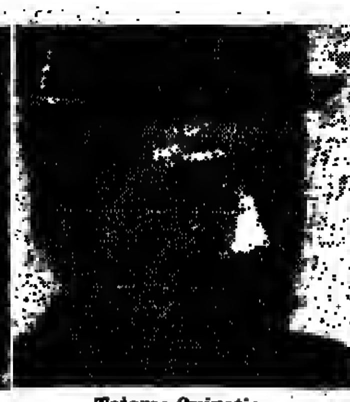
SPANISH GENERALS GO ON TRIAL

The formal charge is rebellion

By Robert Graham in Madrid

Armada: Denial

Milans del Bosch: Illustrious



Tejero: Quixotic

Torres Rojas: Crack division

IN A converted army warehouse on the outskirts of Madrid the trial begins today of 32 officers and ona civilian for their involvement in the abortive coup of last February 23.

Not since the OAS trials in France in 1961-62 has Europe seen so many military men charged with trying to overthrow the state. The formal charge is rebellion—a rebellion that led to the seizure of Parliament in full session, the placing of the Valencia military region under martial law with tanks on the streets, and brief control of the main Madrid television studios.

The temporary courtroom seems an extraordinarily sedate place to hear of such dramatic events with its thick beige wall-to-wall carpeting and high-backed chairs covered in burgundy velvet. A big spread-eagle coat of arms of military justice at one end of the room is the sole indication that this is a court martial.

Everything seems to have been arranged to make the accused feel at ease. The military after all is here to judge its own sons—and some favourite ones at that.

The list of accused is headed by three senior generals: General Jaime Milans del Bosch, 66, one of the most illustrious and highly decorated officers in the army, who at the time of the coup commanded the Valencia military region; General Luis Torres Rojas, 62, former head of the crack Brunete division that guards Madrid and General Alfonso Armada, former military instructor to the King, former head of the royal household and at the time of the coup No 2 in the joint chiefs of staff.

There is also Colonel Antonio Tejero, 50, the Guardia Civil officer who led the seizure of Parliament. With his three-cornered Guardia Civil hat and drooping handle-bar moustache, Col Tejero has become the most talked-about man in Spain since the coup. He is idolised by the extreme right. His quixotic patriotism and sense of purpose seem to have touched a chord of sympathy even among those who dislike or reject what he stands for.

The trial is expected to last about 35 working days, or two months from start to finish. It promises to be a painful, embarrassing and tense period, reawakening the latent antagonism between civilian and military authority.

The outcome will determine the strength of the democracy established in Spain since the death of Franco in 1975. At the heart of the trial lies the unresolved problem of how to incorporate the Spanish armed forces into the democratic process, and of how to persuade them to accept the supremacy of an elected legislature and a freely chosen constitution.

To many outsiders the attempted coup may have seemed like comic opera, the rebels a group of madhats bell-bent on putting the clock back. But this view is utterly misleading. There is a long tradition of similar actions; the attempted coup differed from them only in form. Col Tejero's seizure of Parliament has a direct parallel in Gen Pavia's march into Parliament on horseback in 1873 to end the first republic.

These actions drew their legitimacy and inspiration from the conviction that the military were the repository of national values. Thus, when the state had ceased to function properly it was not only their right but also their duty to intervene.

The role of the armed forces as the ultimate guarantor of Spanish sovereignty is explicitly recognised in the 1978 constitution. One of the justifications of the rebels in carrying out the coup was that the State was being weakened by mounting terrorism and a vacuum of power caused by a crisis in the ruling Union de Centro Democratico party. This is why there is a strong groundswell of opinion in the armed forces sympathising with those on trial.

It also explains the total lack of repentence by the accused. Col Tejero is even on record as saying "I would do it again." (He had already tried it once before in November 1978, when his plans to seize the Government were foiled.)

> ‘The problem is how to incorporate the armed forces into the democratic process’

This view of the armed forces' role in a modern society explains the tremendous dilemma facing any military court which is trying its own for such an offence. There is a serious risk that the trial will prove a divisive process that casts judgment not on people but on the value of an ideal—the Franquist concept of a profoundly Roman Catholic, unified, authoritarian state with the military in an exalted role.

Instances of military justice since Franco's death have given ample evidence of sympathetic treatment of the extreme right and persecution of those with liberal views.

Col Tejero himself received only seven months' imprisonment for plotting to seize the entire Cabinet. And nearly all the 288 Guardia Civil who assaulted Parliament are now back on active duty.

On the other hand, officers who have expressed liberal views, such as those in the Democratic Officers Movement (UMD), were expelled from the army.

While the Government wants firm sentences and has refused to make any deal with the accused, politicians also concede that the trial must not humiliate the institution of the armed forces. This was one of the ingredients in the Civil War. Stiff sentences like the 30 years sought for Gen Milans del Bosch could be construed as such a humiliation.

According to the new code of military justice, approved by Parliament last year, civilian courts can hear appeals against sentences from the court martial. This right of appeal is considered the real test of the confrontation between the military and civilian authorities. If the sentences are thought unacceptably light, does the state appeal? To do so would be implicit recognition that the military cannot be relied upon to judge its own.

The trial is unlikely to clarify satisfactorily the events of February 23. The prosecution's case, which the Government has been happy to have fully leaked to tha Press, gives the strong impression that the investigation has been deliberately limited. The main aim has been to pin the blame on a few clearly identified persons and avoid digging deeply into the real nature of support for the plot, whether military or civilian.

For instance, there has been little effort to investigate the contacts widely suspected to have existed between the accused and other regional commanders.

The evidence of the prosecution confirms the impression that there was probably not one plot but three. According to these allegations Col Tejero intended to seize Parliament in a dramatic gesture and then form a military junta, not necessarily retaining the monarchy. Gen Milans del Bosch, also a supporter of such a "hard" coup, was however apparently emphatic in retaining the monarchy and acting in its name to "save Spain." Gen Armada, who has denied a role in the coup, is nevertheless alleged to have wanted to form a Government of national salvation.

The prosecution claims the events of February 23 were a *mixture of these schemes*. The diversity of aims may have been one reason for the coup's *failure*.

During the investigative proceedings it became clear that Gen Milans del Bosch was claiming to have acted on the basis that Gen Armada had the full support of the King. Gen Armada meanwhile has denied being present at a key meeting two days before the coup when final agreement was reached.

Thus the trial could present the spectacle of two senior army officers telling completely different stories. But a more important consideration is whether during the hearing the accused will try to implicate the King in the attempted coup. Gen Armada is alleged to have told the plotters that he had the King's confidence and that their plans had been discussed in Baqueira Beret, a Catalan ski resort. It would be extremely damaging to the Crown if the King is mentioned in court as having been aware of what was going on, and this has been all along a major political worry.

All this is the price for having eschewed a summary trial immediately after the coup. But the price may not be too high. In the year since, there have been two significant developments.

First, it has become clear that any future plot has to get rid of the King to succeed. Although at one level this increases the vulnerability of a state that depends increasingly on King Juan Carlos as arbiter, it is also likely to make any plotter think much more carefully before acting. Second, the February plotters have been shown to be bankrupt in ideas of government. The notion that you can simply instruct others to do as you wish in a complex modern society is far too simplistic. Yet this seemed to be the ring-leaders' view.

The difficulty of governing and the limited options available, especially during a recession, have now sunk home at least to some of the coup's civilian supporters. As a result the atmosphere in Spain, though tense, is a lot calmer than many expected several months back.

It also says something for the democratic state and for military justice—even though there is no separation of powers—that the trial is being held in public. The big OAS trials in France were held in camera.

Politics Today will appear in tomorrow's newspaper.

Lombard

The obsolete weekend

By Arthur Sandles

IT MAY be too much to hope but perhaps the argument between British Rail and some of its workforce over the question of flexible rostering is part of the death throes of the seven-day concept. The world is moving increasingly to shorter working periods against a background of more intensive use of equipment and an increasing demand for night and day service. As it dies, so the concept of the week, and more particularly the weekend, becomes a social and commercial nonsense.

Industrial relations today are bedevilled by the ingrained acceptance of a working day that is limited by the hours of sunlight and of a working week that blocks off a 48-hour chunk, traditionally known as the weekend. The result of this concept is that work is being more and more concentrated into a narrower and narrower mid-week slot. Even at the present slow rate of progress we could eventually reach a time when we all work only from 11 till 3 on Wednesdays—with space for lunch, of course.

If this were to happen then those who were fortunate enough to have jobs would find the rest of their week difficult to fill, since the operators of leisure facilities would be working similar hours. You do not honestly think that the staff who presently refuse to man the Tower of London or the Hayward Gallery on Boxing Day are going to be any more eager to open on any Monday when the rest of the world is relaxing, do you?

The simplest way of overcoming the problem is to remove the concept of the working week and replace it with the working portion. At the moment this would be in the region of 35-42 hours per 168. The worker would negotiate the length of each working segment—say 10 times four to give the equivalent of a 40-hour week with lunches—and the approximate schedule of the working slots.

"Ah," comes the cry, "But that will mean I am not working while my friends may be. I need shared leisure."

Such protests are, of course, nonsense. Even if two friends were working totally different 35 hour sections in a 168 hour period, there would still be 98 hours of mutual spare time, of which a normal human would only spend 56 asleep. In the most extreme of circumstances therefore there would remain 42 hours for any other diversion which needed to be shared to be fully enjoyed.

Once the concept of "the weekend" has been removed the problems of Sunday closing, Saturday football, weekend transport services and the frantic battle for tennis courts are also removed. Not only would industry and commerce be better able to plan the use of its resources, but also the leisured workers would be able to find recreational facilities with less queueing.

It is as absurd that most package tours set off for the sunshine on Saturdays and most golf courses are like Piccadilly Circus on Sunday mornings as it is that expensive machine tools stand idle while the unemployment lists lengthen.

Abandonment of the week means, inevitably, the abandonment of double time payments and a variety of other ruses which society has invented to overcome outdated working patterns produced by long-outmoded social and religious principles. Of course people will resent working on Saturday as long as that remains the only day when many leisure opportunities can be enjoyed. However, the challenge of the weekend is one that must be overcome if a more reasonable approach to both production and relaxation is to be achieved.

The reduction of working hours is a laudable aim for labour. The reduction of the working week certainly is not. The shorter the hours the longer the week might actually become.

Letters to the Editor

The debenture market and bank lending to industry

From the Head of Public Affairs, Public Affairs Unit, Committee of London Clearing Bankers

Sir,—It makes a change from the present spate of criticisms that British banks lend too little to industry to find Gordon Pepper arguing, in effect, that they may be lending too much ("Why British industry needs new sources of finance," February 17).

Most of his article is predictably well-reasoned and constructive, and there will be widespread support for his call for an end to fiscal discrimination in favour of the public sector on the capital markets. But it would be misguided to do as he suggests and introduce new fiscal distortions in favour of debentures in an attempt to get industry to borrow more from the long-term institutions and less from the banks.

Mr Pepper's desire to revive the debenture market reflects his concern about the inflationary consequences of further growth in bank lending, particularly now that the banks have relatively little public sector debt left to sell. Mr Pepper, however, dismisses too readily the alternative possibilities—namely the issuing of longer-term liabilities by the banks or an increase in government refinancing of bank assets.

More fundamentally, I fail to see how it would help the fight against inflation for the banks to hold more gilts and fewer loans while the institutions held fewer gilts and more debentures.

The recent growth in the proportion of industry's borrowing needs met by the banks has been more than just a gap-filling exercise caused by the decline of the debenture market. It has also enhanced competition and innovation in the banking system and has generally brought the banks and industry closer together.

What Mr Pepper should be advocating is a situation in which companies have a genuine choice, on attractive terms, between bank loans and industrial debentures. But please let us have no artificial restrictions on the former or subsidies for the latter.

I. C. Morison.
10 Lombard Street, EC3.

The commanding heights

From Mr R. Hall.

Sir,—Mr Glyn's article on the British economy (February 10) raises the question of the quality of jobs that can be produced by printing money—a topic that is never discussed by the advocates of massive reflation. Unemployment per se can quickly be reduced by printing money to create vast new "employment opportunities." The newly employed will obviously feel an immediate benefit; the existing employed will have a slight drop in their living standards and meanwhile inflation will rip. In a very short time import controls will be required to reduce the large inflow of manufactured goods that the spending spree has engendered and this in turn will make matters worse by removing competition in the manufacturing industry. The living standards of all will fall to levels little better than that of the existing unemployed.

What the present unemployed want is not merely a "job" but a job that will provide them with a real income comparable to what the present employed enjoy. They will expect to have adequate food (not like the quality behind the Iron Curtain), housing, etc., but also such "luxuries" as central heating, telephones, a car and possibly holidays abroad. This result they will not get under Glyn's prescriptions. The only way to achieve it is by providing real jobs that will provide customers with goods and services they are willing to pay for. Mr Glyn claims that "massive investment" is needed. Ford's experience with investment in new car manufacturing plant on Merseyside shows that this is not a sufficient condition. Even Michael Foot recognised that British Steel had "investment coming out of its ears" but this did not prevent it running up huge losses.

Mr Glyn brings out all the rhetoric of the 1940s including the "trades unions capacity to . . . improve the pay of their members." I would like to see the evidence that shows that *militant trade unionism is positively* correlated with an improvement in the real pay of its members. When Bevan coined the phrase about "capturing the commanding heights of the economy" in the 1940s he hadn't the wit to foresee the creation of the huge inefficient nationalised monoliths that this policy has produced.

Mr Glyn's inapt analogy with a cricket team tells us that if a team were selected on Socialist principles the poor performers would not be dropped but that everybody—in the right union—would have a chance to play on the Buggins turn principle of the rotating TUC chairmanship. A team picked on such principles would doubtless have interesting games but it would win few if its opponent's teams were chosen on old fashioned capitalistic principles such as merit.

R. Hall.
9, Ormond Avenue, Hampton, Middlesex.

A non-member at Lloyd's

From the Chairman, Pearson Webb Springbett.

Sir,—I am amazed that my not being a member of Lloyd's should have become a matter of such public interest that it should reach your correspondence columns (February 9).

I take an interest in the Lloyd's Bill because I am chairman of a broking firm at Lloyd's which brings several million pounds of profitable premium to that market annually, and because I see the crucial significance of the Bill to the long term future of Lloyd's, the London market and the nation.

I am not a member of Lloyd's because in the formative years of my company's life I guaranteed it to Lloyd's with personal unlimited liability. When the company grew sufficiently to make that guarantee unnecessary, we spent some two years putting together a new syndicate at Lloyd's, consisting largely of my friends. By the time we had found enough of these and suitable underwriters, I had come to see that I would be using my friends to my certain financial advantage but to their possible disadvantage, which worried me because my friends are more valuable to me than my profits. I also saw that our other in-house underwriting facilities were likely to be a more profitable instrument for the future than a syndicate at Lloyd's, and our time and personnel were limited.

No sooner had I taken this decision than my Savonita troubles were upon me, which gave me the gravest doubts about the whole institution.

I have since taken the view that I am freer to criticise Lloyd's objectively by not becoming a member than by doing so. The present scarcity of working members of Lloyd's who deeply disapprove of the present Bill, but who are not brave enough to stick their heads above the parapet and say so publicly, leads me to believe that I am right.

Malcolm Pearson.
Pearson Webb Springbett,
Adelaide House, London Bridge, EC4.

National aids to agriculture

From the Chief Economic and Policy Adviser, National Farmers' Union

Sir,—The Ministry of Agriculture, Fisheries and Food has already responded to the statement made by M Danel of the French Embassy (February 12) on national aids to agriculture in France and the UK. But there are two additional factual points where the record should be put right.

The figure of £724m for British aid in 1981 is too high. According to "Government expenditure plans," total MAFF spending in 1980-81 was £619m and some major items of this spending were unrelated to farm support — £107m on the Thames barrier, for example.

It is clearly a distortion to quote aid levels per farm when the average UK farm size is over two and a-half times that of the average French farm. Looked at in terms of aid per hectare of farmland, one would get a totally different picture—£39 in the UK compared with £81 in France — even using M Danel's misleading total expenditure figures.

To eliminate distortions caused by different farm size or quality of land the fairest way of comparing the two situations is to take national aid as a proportion of the value of final agricultural output.

D. Evans.
Agriculture House, Knightsbridge, SW1.

Food demand and supply

From Sir Fred Catherwood, MEP

Sir,—I am sorry that John Cherrington (February 12) thinks of me as an apologist for the common agricultural policy. I entirely accept that the cost of shrinking the butter surplus has been high. My point in response to Peter Shore's doubts about the whole future of the Community was that these "export restitutions" were shrinking as the world cost of food was rising and that this seemed to me to be part of a long-term trend. The European Parliament's foreign trade committee, which I chair, is looking at this very worrying trend in food demand and supply. While it is true that there are still surpluses in Western Europe and North America, there is chronic shortage elsewhere. It should be the job of a reformed CAP to match our supply as well as we can with the need in the world. Where Peter Shore is for giving up, I am for reform.

(Sir) Fred Catherwood.
Strasbourg

Wm. Whittingham edges ahead to £2.96m pre-tax

LOWER INTEREST charges of £1.69m, against £1.87m, helped William Whittingham (Holdings) to raise pre-tax profits from £2.65m to £2.96m for the year ended October 31 1981.

At half-time, reporting taxable profits up from £752,000 to £781,000, the directors said that conditions had remained difficult in virtually all aspects of the group's business, but they remained cautiously optimistic that the year as a whole would show further progress.

The group's activities include residential, commercial and industrial development and investment, environmental engineering and photographic processing.

Full year turnover fell back from £27.94m to £27.63m, while pre-interest profits were down from £4.72m to £4.65m. Development and property profits were marginally higher at £2.45m (£2.44m) and investment income rose from £374,000 to £418,000, but the photographic contribution was lower at £1.78m (£1.9m).

Stated earnings per 12½p share increased from 31.98p to 40.45p, while a higher final dividend of 4.75p (4.5p) net makes a total payment of 7p, against 6.75p previously.

Tax charge was reduced from £374,000 to £206,000 and after an extraordinary debit of £332,000 (nil) and minorities of £217,000 (£464,000) the attributable surplus was ahead from £2.01m to £2.21m. Dividends absorb £450,000 (£435,000).

The extraordinary item comprised £293,000 for goodwill arising on the purchase of a 5 per cent interest in Colotrend (Holdings) from Mr J. Martin, and a transfer of £39,000 to non-distributable reserves to correct sums written off in respect of goodwill arising on the acquisition of subsidiaries in prior years.

Current cost accounts have not been prepared. Because of the current situation in the property market with its consequent impact on land availability and pricing, the directors believe it is not possible to produce meaningful figures under SSAP 16 which could be regarded as helping shareholders understand current and future trading.

HIGHLIGHTS

Lex looks at the disappointing January money supply figures and comments on the financial markets on the day that the Amersham offer for sale was heavily oversubscribed. The column then moves on to look at the latest figures from CRA, an important part of RTZ. Lex considers these poor results and lower dividend in the light of the overall context of RTZ's position. Mexico allowed its currency to float yesterday which in effect meant a devaluation of about 30 per cent. Lex discusses the background to this move before looking at the latest development in the Heron Acc/Holmes à Court saga. Yesterday Heron increased its cash offer from 85p to 90p a share, although at the beginnig of the week the company said it would not put out a higher figure until it had seen the full details of the other side's offer.

● comment

William Whittingham is adopting much the same stance it took a year ago—slightly stretched financially in anticipation of a lowering of interest rates and a consequent recovery in the housing market. Housing did not recover last year and so stocks and borrowings have remained high. The slight decline in profits on the photo-processing side masks a remarkable recovery in the second half. The first half is usually weak in this sector and an expensive advertising campaign pushed Colortrend's interim result into loss. But the second half performance is 7.5 per cent ahead despite a price war on the fringes of a flat market. Colortrend is likely to pick up more market share as Kodak's new disc system obliges processors to invest heavily in new equipment. But the main interest in the shares this year as last will be the outlook for housebuilding. At 140p, the shares stand on a fully taxed p/e of 7 and yield a helpful 7.5 per cent.

TDG makes headway in Australia

A BETTER level of haulage activity at Transport Development Australia helped improve the pre-tax surplus for the half-year to December 31 1981, say the directors. Pre-tax profits rose to A$1.53m (£90,176 at current values), compared with $1.2m (£711,764), on turnover 19 per cent higher at $17.29m.

The interim dividend has been lifted from 4 cents to 4.5 cents. The directors say that the livelier demand for transport and storage facilities has continued and results to date are ahead of the same period last year.

There was an uncertain start to the current year's trading, say the directors, due to stoppages and strikes. They state that warehousing and cold storage companies continued to produce improved results although crane hire was affected adversely by lower demand.

An analysis of pre-tax profits shows: road haulage $703,000 ($349,000); warehousing and cold storage $1.24m ($1.05m); crane hire $41,000 ($61,000).

The company is listed on the Australian Associated Stock Exchanges and is 70 per cent owned by the Transport Development Group.

There was an extraordinary credit of £293,000 this time arising from capital profits on property sales, which left higher earnings per share of 10.91 cents against 8.82 previously.

Reliance Knitwear upsurge

TAXABLE profits of Reliance Knitwear Group more than trebled from £30,000 to £110,000 for the six months to October 30 1981. Turnover was up from £9.57m to £10.14m.

An unchanged net interim dividend of 0.77p has been declared. Last year a final of 0.77p was paid from pre-tax profits of £105,589.

The group is a holding company for garment and leisure product manufacturers and distributors.

The directors say that profits continue to recover and there are signs of increased demand among major customers.

They predict that results in the second half should benefit from the acquisition of Draperite which manufactures and sells velvet curtains under the name of Excelsior.

The group's liquidity is good, they say, and further acquisitions are being sought.

After tax profits rose from £6,000 to £84,000—tax took £26,000 against £24,000. The directors point out that the tax arose from the liability for ACT on dividend.

Interim dividend payment increased from £57,000 to £60,000 and the amount transferred to reserves was £24,000 against a transfer from reserves of £51,000.

Metal Bulletin 17% ahead

SEVERAL projects successfully completed during the last quarter pushed taxable profits of Metal Bulletin up by 17 per cent from £781,700 to £914,600 for 1981. The company's shares are traded on the unlisted securities market.

A final net dividend per 10p share of 3.5p will be paid making a total of 5.5p against 5p. Stated earnings per share rose from 8.75p to 9.91p.

This publishing company publishes a twice weekly and a monthly journal on the economic and commercial aspects of metals and steel.

Turnover rose from £3.43m to £4.04m while tax took £484,100 compared with £403,900 last year.

Adamite shares placed

Carr, Sebag and Company have placed an issue of £850,000 120 per cent cumulative convertible redeemable preference shares of 10p each in Adamite Holdings with institutions at 100p per share.

Adamite Holdings is the holding company of the Adamite Group of Companies, a business originally founded in 1919. Principal activity of the group is the manufacture, sale and installation of flooring services and products, both at home and abroad. It also makes and markets a range of car care and renovating products. Main subsidiary of Adamite Holdings is Altro, the marketing company for flooring products.

Turnover for the current year to June 30 is expected to reach some £10 and profits of £850,000 before tax are forecast.

The directors have no present intention for any of the securities of Adamite Holdings to be admitted to the Official List or to the Unlisted Securities Market of the Stock Exchange.

Six months fall at Scottish & Mercantile

For the six months to September 30, 1981, pre-tax profits of Scottish and Mercantile Investment Company dropped to £269,085, compared with £509,466 for the same period of 1980 which, however, benefited from non-recurring dealing profits of £137,871.

Tax for the period took £110,126 (£187,431) and after minorities of £26,647 (£27,066) the attributable surplus showed a decrease from £294,960 to £132,312. Earnings per 25p share were 2.76p, against 5.98p last time.

An interim dividend of 2.5p net per share has been declared — for the previous six months accounting period, a payment of 5.5p was made from £505,656 taxable profits.

The directors have been advised by the Inland Revenue that "approved investment trust" status has been granted in respect of the six months period ended March 31, 1981.

Net asset value rose to 255.4p (231.6p).

SPAIN

February 18	Price %	+ or −
Banco Bilbao	335	
Banco Central	357	
Banco Exterior	306	
Banco Hispano	318	
Banco Ind. Cat.	115	
Banco Santander	356	−1
Banco Urquijo	231	+5
Banco Vizcaya	375	−2
Banco Zaragoza	238	
Dragados	170	−2
Espanola Zinc	66	—
Fecsa	61.2	−0.5
Gal. Preciados	49.5	+2.5
Hidrola	62	—
Iberduero	82	+1.5
Petroleos	100.5	+0.5
Petroliber	94	—
Sogefisa	14	—
Telefonica	77	−1
Union Elect.	64.7	−0.3

Goode Durrant rises 28% to £2.3m and pays more

WITH second-half figures up from £1.03m to £1.42m, Goode Durrant and Murray Group increased pre-tax profits for the year ended October 31, 1981, by 28 per cent to £2.3m, compared with £1.79m previously. Turnover rose from £46.04m to £61.74m.

The group's banking services, confirming and financing activities lifted profits from £499,000 to £826,000, househuilding and construction from £519,000 to £710,000 and the retail department store in New Zealand from £589,000 to £741,000. Rents, dividends and sundry income, however, was lower at £24,000 (£185,000).

Net available profits showed a rise from £1.38m to £1.53m, struck after tax of £796,000 (£596,000), minorities of £33,000 (£25,000) and extraordinary credits of £61,000 (£212,000).

Profits per ordinary 5p share are shown 1.3p higher at 6.1p and the year's dividend is being stepped up from 0.75p to 0.875p net per share. Preference and ordinary payments absorb £227,000 (£197,000), leaving a surplus of £1.31m, against £1.19m.

In current cost terms, pre-tax profits were £1.5m.

A geographical split of historical profits, before tax, shows: Australia and New Zealand £737,000 (£585,000); South Africa £588,000 (£386,000) UK £876,000 (£777,000), and the U.S. £100,000 (£44,000).

Net assets per share advanced by 7p to 45p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
H. J. Baldwin ....int.	nil	—	nil	—	1
Channel Islands Inv. ...	40‡	April 28	37.5	40	37.5
CRA	2.5¶	May 6	—	5	19
Goode D'rrant & Murray	0.88	March 30	0.75	0.88	0.75
Newbold & Burton	2.38	April 2	2.38	3.78	3.78
William Ransom ......int.	1.5	April 7	1.5	—	5.68
Reliance Knitwear ...int.	0.77	May 4	0.77	—	1.54
Scottish, Mercantile int.	2.5	March 25	—	—	5.5§
Tribune Inv. Tst.	2.2	April 8	1.9	3	2.7
Trust of Property	0.25	April 8	0.2	0.25	0.2
Wm. Whittingham	4.75	April 30	4.5	7	6.75

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡Gross throughout. §For six months period. ¶Australian cents throughout.

Reynolds diversified move

AN OVER-THE-COUNTER quotation in the U.S. is being sought without delay by Reynolds Diversified, the Nevada-based energy company whose shares were barred from being traded in London by the Stock Exchange a week ago.

Mr Lyn Brooke, the company's chairman, has written to the company's shareholders—it has about 8,000 of whom over 6,000 are believed to be resident in the UK—indicating that the quotation will take 10-14 days to obtain via a member firm of the U.S. National Association of Security Dealers.

The board is therefore advising shareholders not to accept "any off-market approaches" for the sale of their shares.

Reynolds Diversified's shares have been traded in London for five years. They are not listed on any UK exchange but trading has been allowed by the Stock Exchange under Rule 163 which grants marketability status to a stock quoted on an overseas exchange.

It was only discovered by the Stock Exchange last week that the company did not have an official quotation in the U.S., as had been supposed.

Reynolds appointed a new board last December. The chairman stated in his letter that it "is making every effort to ensure that shareholders experience a buoyant future with the company under the new management."

The Stock Exchange unofficially indicated last night that this future could still include resumption of trading once a foreign quotation had been confirmed.

Stern creditors win appeal

BANKRUPT PROPERTY tycoon Mr William Stern, seeking his discharge from his 1978 world record bankruptcy with debts of £118m, had continued a "Rolls-Royce existence," an Appeal Court judge in London said yesterday.

In 1980 Mr Stern, whose property empire collapsed in 1974, earned £22,000 and received a £12,000 gift from a family trust, said Lord Justice Templeman.

Mr Stern, 45, occupied a rent-free mansion owned by trustees of the family trust who had also paid out £5,000 in mortgage payments.

During 1980 he paid £1,500 to his trustee in bankruptcy. The three Appeal judges allowed an appeal by creditors opposing Mr Stern's bid to be freed from the "disabling" stamp of bankruptcy against the refusal of a registrar to allow cross-examination.

The creditors want to question Mr Stern about his lifestyle and on their allegations of "rash and hazardous speculation." The Appeal judges took the rare step of directing that the pending discharge application by Mr Stern, of West Heath Avenue, Golders Green, London, should be heard afresh by a High Court judge rather than be continued before the Bankruptcy Registrar. Mr Stern was not in court to hear the ruling.

Said Lord Templeman: "I have no doubt that the opposing creditors should have been allowed to cross-examine: In the first place they should have been allowed to develop their allegations of rash and hazardous speculation.

"The amassing of these colossal debts calls for some less specious explanation than that so far provided."

The Appeal judge said opposing creditors should have been allowed to question Mr Stern about the value of his house, which might exceed £1m.

Also, if creditors had been allowed to question him about trusts from which he had benefit, the court might conclude that his offer to pay £55,000 to creditors over three years was "derisory," and that rejection of his present application for hankruptcy discharge might produce a more substantial offer.

"In the third place," said Lord Templeman, "cross-examination by leading counsel for opposing creditors might have confirmed or dispelled a submission that this was an impudent application at the present stage by a bankrupt who ought to be left languishing in a state of bankruptcy which is only irksome to his pride and an obstacle to his ambitions."

The court had been informed, and it was not denied, that "ever since the receiving order the bankrupt has continued a Rolls Royce existence and that it is not necessary for him to obtain his discharge to maintain himself and his family in style."

Opposing creditors bankers Keyser Ullmann, the Crown Agents, and the First National Bank of Chicago are owed £60m out of Mr Stern's total liabilities of £118m.

Mr Stern had said he hoped "to expand when free of the stigma of hankruptcy" and that it would be "very valuable to him to get discharged."

Lord Justice Lawton said the amounts involved in the case were startling. Against the huge debts Mr Stern had assets which produced no more than £20,252.

Over a few years before 1974 Mr Stern had built a pyramid of companies, with interests primarily in property.

The base, said the judge, was borrowing money, unsupported by assets belonging to the bankrupt, when the property market began to collapse late in 1973 the pyramid started to crumble.

Mr Stern and his wife had bought their Golders Green home in 1965 for £52,500. Large sums were spent on rebuilding and refurbishing it, but all the contents were said by Mr Stern to belong to his wife.

"In December 1974, when he knew he was in grave financial difficulties, his father bought the house for £110,000, taking over a mortgage of £57,000 and making a cash payment of £53,000," said Lord Lawton.

The father settled the house in a trust set up in the U.S. and allowed Mr Stern to live in it in return for a rent equivalent to the mortgage payments.

Mr Stern's trustee in bankruptcy was not satisfied about the circumstances in which the house had been sold and the trustee's claim had been settled for £202,346.

"Since being adjudicated bankrupt, Mr Stern's life-style does not seem to have changed," said Lord Lawton. "He attributes his ability to go on living in the same style as before, partly to the generosity of his family and partly to what he has earned as a business consultant since being made bankrupt."

Mr Stern had estimated his current household expenses for 1981 as likely to be £23,400, which included £4,000 for electricity, gas and telephone.

Lord Lawton continued: "A bankruptcy of this kind and size must have been disturbing to the banking world and may have shaken the confidence of the French, Swiss and American creditor banks in the worth of personal guarantees given by British businessmen."

For over 100 years the law had required the Bankruptcy Court to consider whether the conduct of a bankrupt had been such that the public ought to be protected against his further operations for a period of time or even permanently.

Lord Lawton said there was a strong case for allowing Mr Stern to be cross-examined, but that would be a matter for the judge who heard the application.

Lord Justice Brightman agreed in allowing the appeal by creditors against the bankruptcy registrar's refusal to allow cross-examination.

Mr Stern was ordered to pay the appeal costs, and the costs of the earlier abortive proceedings before the bankruptcy registrar.

Cluff and Tricentrol in China oil licence bidding

BY RAY DAFTER, ENERGY EDITOR

SEVERAL EUROPEAN oil companies, including two British independents, are among 41 groups invited by the China National Offshore Oil Corporation to enter the first round of bidding for Chinese oil exploration licences.

Cluff Oil and Tricentrol, two London-based independents, will be among those bidding for drilling rights in the Pearl River Mouth Basin and the northern part of the South Yellow Sea.

Among the others invited to seek licences are Agip (Overseas) of Italy, BP Petroleum Development and Shell Exploration China, of the UK, Deminex-Deutsche Erdoelversorgungsgesellschaft of West Germany, Hispanica de Petroleos (Hispanoil) of Spain, and the two major French companies, Societe Nationale Elf-Aquitaine and Total Exploration.

Other bidders, dominated by U.S.-based companies, are:

Amoco Orient Petroleum, Ampol Exploration, B.C. Resources, Broken Hill Proprietory Company, Chevron Orient, Cities Service Orient Petroleum, Conoco Orient, CSR Ltd, Esso Exploration, Getty Oil International (Orient), Hunt-Sedco International, Ina-Naftaplin, Japan National Oil Corporation, Kerr-McGee Corporation, Kuwait National Oil Company, Mobil Oil Corporation, Murphy Asia Oil, Occidental Eastern, Pan-Canadian Petroleum, Pecten Orient (Shell Oil), Pennzoil Far East, Petrobras International, Petro Canada Exploration, Phillips Petroleum International Corporation Asia, Ranger Oil (Canada), Sun Orient Exploration, Tenneco Far East Exploration and Development, Tesoro Petroleum, Texaco Orient Petroleum, Texas Eastern, Union Oil Orient, and Union Texas Asia Offshore.

RESULTS AND ACCOUNTS IN BRIEF

WESTERN SELECTION AND DEVELOPMENT COMPANY (wire and cable and patent glazing manufacturer)—Results for the year to September 30, 1981 reported February 4. Shareholders' funds £4.58m (£3.95m). Fixed assets £1.35m (£1.28m), current assets £3.06m (£2.82m), current liabilities £1.54m (£1.49m); increase in bank and cash balances £1.19m (£139,279 decrease). East Rand Consolidated holds 44.8 per cent interest in the equity share capital. Meeting: 25-35 City Road, EC, March 31, noon.

UNION DISCOUNT COMPANY OF LONDON (discount house and leasing) Results for 1981 already known. Total shareholders' funds £28.67m (£25.21m). Current assets £1.55bn (£1.51bn) including bills discounted £1.6bn (£0.99bn). Current liabilities £1.53bn (£1.49bn) including secured loans £1.42bn (£1.43bn). Meeting, 39, Cornhill, EC, March 17, noon.

TRUST OF PROPERTY SHARES (investment trust)—Dividend for 1981 0.25p (0.2p) per 5p share. Revenue before tax £28,101 (£25,310), after expenses £7,653 (£6,896). Tax £9,104 (£2,986). Attributable profit £17,077 (£13,422). Earnings per share 0.265p (0.21p). Investments £922,723 (£1.11m). Net asset value 11.41p (11.34p). Shareholders' funds £983,527 (£512,989). Meeting, 16, Finsbury Circus, EC, March 18, noon.

Newbold & Burton improves

TAXABLE profits of Newbold and Burton Holdings rose from £347,000 to £420,000 during 1981. Turnover, however, was down from £11.58m to £11.01m.

The company, ladies' footwear manufacturer, has repeated a net final dividend of 2.38p per 25p share. This makes a total of 3.78p, equal to last year's. Stated earnings per share were up at 6.6p compared with 5.8p.

Tax took £144,000 against £103,000 last year. The current cost accounting pre-tax profit figure rose from £239,000 to £345,000.

W. Ransom slips to £154,000

FIRST-HALF taxable profits of William Ransom and Son, manufacturing chemist, declined marginally from £158,000 to £154,000 but the company is maintaining its net interim dividend at 1.5p per 10p share—last year's final was 4.175p.

Mr Michael Ransom, the chairman, says that after a particularly difficult April, May and June sales for each month from July to January showed an improvement over the same months of the previous year.

He adds that if this trend continues he would expect full year profits to be the same, or slightly higher, than those for 1981—pre-tax profits for the 13 months to March 31 1981 totalled £351,780 (£720,325).

Turnover for the first six months of the current year, to September 30 1981, improved slightly from £1.34m to £1.52m. Tax for the period took £80,080, against £82,160.

Stated earnings per share slipped from 5.07p to 4.93p. CCA pre-tax profit was £115,537 (£141,477).

Nottingham Brick hit by weather

THERE WERE virtually no deliveries of bricks by Nottingham Brick Company when the whole of the construction industry came to a halt during the extreme wintry weather immediately preceding and following Christmas, Mr David Crane, the chairman, told the annual meeting.

In his annual statement he said 1981 was a particularly difficult year for the company, and he followed this by telling shareholders that even now there was no indication of an upturn in trade.

He said there had been reports that other brick manufacturers had disposed of worked-out brick quarries for tipping and other profitable uses, but he gave an assurance that the board of Nottingham Brick was fully aware of the potential value of its quarries, and it was ensuring that clay working was being conducted in such a manner that the value of the sites for tipping or other purposes was maximised.

He repeated earlier remarks that the future of the company was now very largely dependent on political decisions. He said a very substantial proportion of the company's profits, which in the past had been distributed to shareholders in the form of dividends, were in fact retained by the company in order that it could build and equip the highly mechanised factories that it owned. This mechanisation had resulted in a high level of productivity.

Bankruptcies liquidations rise sharply

Bankruptcies and company liquidations last month totalled 1,379, which was a sharp increase on the figure for December 1981 when 1,003 were recorded.

The January 1982 figure comprised bankruptcies of 435 and liquidations of 944. The total show little change compared with January 1981 when there were 1,374 such failures.

For 1981 as a whole bankruptcies and company liquidations were substantially higher than in 1980. Company liquidations rose 25 per cent to a record level of 8,607, while bankruptcies increased by 28 per cent to 5,178.

THE TRING HALL USM INDEX
118.1 (+0.3)
close of business 18/2/82
BASE DATE 10/11/80 100
Tel.: 01-638 1591

LADBROKE INDEX
Close 559-564 (−3)

Companies and Markets

BIDS AND DEALS

No Laganvale backing so Sturla withdraws its bid

THE BID discussions between Sturla Holdings end Laganvale Estate, the Belfast property company in which Jim Slater holds a 26.46 per cent interest, have broken down.

The two companies announced in December thet agreement had been reached for a paper offer valuing Laganvale at £4.46m. Yesterday the companies announced that, following further discussions, the Laganvale directors bad decided to withdraw their recommendation of Sturla's offer and as a result the bidder bad decided to withdraw.

In the market Laganvale's shares fell 3½p to 27½p and Sturla's slipped 2p to 15p.

However, both companies disclosed their profits forecasts drawn up for the offer.

Sturla reported its profit forecast of £1.2m for the 15 months to April 30, and said thet it intended to make e rights issue "on fevourable terms" in order to assist with its expansion. In the year to January 1981 profits were £231,000.

Mr Robert Knight, chairman of Sturla, said yesterday that he hoped to raise about £2m from the cash call which is likely to be pitched on a one-for-two basis. The issue is due to be announced "within the working week, documents are all prepared."

In their discussions the directors of Laganvale had indicated their requirements in the assumptions to the profit forecast by Sturla. Laganvale states that in the event the profit forecast did not meet these requirements in certain respects.

The problem appears to bave been over Sturla's film leases. Mr Knight said that all the leases were secured by cash deposits. The company has been involved in film finance "for some time" but Mr Knight would not give any details.

Sturla's staetment says that its forecast, and the assumptions it is based on, has been reviewed and reported upon without qualification by the company's euditors.

Laganvale also disclosed its profits forecast yesterday. In the balf year to October 31 1981 profits amounted to £124,023 against £37,874 pre-tax. For the year ending April 30 next, the directors are predicting profits of £280,000 compared with £108,815.

During negotiations with Sturla, Mitre House—Laganvale's main property in Brighton—was revalued by David C. Hunter, chartede surveyor, at an open market value of £3.5m. This compares with e book value of £1.9m and a previous July 1981 revaluation of £3.4m.

Mr Peter Greaves, a director of Laganvale, said that the company "has no other deala planned" folowing the breakdown of talks with Sturla.

Burmah has 17.91% of Croda—further extension

SHAREHOLDERS in Croda International, the chemicals group, were again epproached within a few hours yesterday by both sides in the continuing take-over battle between their company and Burmah Oil.

Burmah egain extended its casb bid, fixing the next closing date for February 25. Sir Freddie Wood, Croda's chairman, sent off another sharply worded letter urging rejection of the bid and drawing attention again to Burmah's volatile financial past. Detailed information on Croda's prospects is promised next week.

The terms of the offer remain unchanged. Burmah disclosed that further acceptances have been received over the last week on behalf of 18,134 ordinary shares and 9,407 ordinary shares. It now holds shares or acceptances worth 17.91 per cent of Croda's voting share capital.

Pointing to the level of acceptances in his letter, the Croda chairman asserts that there "can be no doubt that Burmah's 70p offer will fail." Sir Freddie dismisses the oil company's reasons for the acquisition as "pretentious nonsense" with references to international expansion which constitute "absurd and meaningless jargon."

At the same time, be said, the letter repeated misleading assertions ebout Burmah's own position. It said Burmah's gearing would rise to exceptional levels in the event of the take-over going through.

"This assumes we would borrow the purchase price," said Mr Anderson. "But Burmah anticipated drawing upon some of its ample cash resources which would in fect be quite sufficient in themselves to finance the purchase."

Sir Freddie's letter reminds Croda shareholders that their company "can justly lay claim to one of the best dividend records amongst British chemical companies" and he asserts e "continuing underlying growth and resilience" for Croda's earnings over the last few years.

There was nothing in the letter, said Mr Anderson, to suggest any underlying growth for Croda since 1975.

Croda's shares closed down 2p at 80p; Burmah were up 5p at 113p.

W. Alexander sells Scotcros shareholding

Walter Alexander bas disposed of its 24.4 per cent shareholding in Scotcros through a plecing of the shares with institutional investors. The sale, which will realise £1.67m (showing a profit of £432,000), has been made to enable Walter Alexander to develop its existing interests and to take advantage of a number of growth opportunities which are under active consideration.

Mr W. R. Alexander, the chairman of Walter Alexander, whose shares are traded in the market made by M. J. H. Nightingale and Company, said his group was strong with no borrowings and a history of profit growth. He added that the additional cash generated from the sale "would be put to good account."

INSURANCE BROKERS MERGER COMPLETED

Common Bros Group has completed the merger of its Lloyd's insurance broking subsidiary, Horncastle Investments with R. K. Harrison, J. L. Jacobs Insurance Brokers, a subsidiary of R. K. Harrison for £1.5m paid partly in cash and partly Horncastle shares. Estimated earnings for R. K. Harrison, J. L. Jacobs for 1981 was £400,000.

The new company will be named Harrison Horncastle.

EAGLE STAR ACQUISITION

Eagle Star Insurance has acquired a controlling interest in the French insurance company L'Indépendance. The capital of L'Indépendance has been increased from F11.4m to F26.4m and Eagle Star now holds 70 per cent of the new capital.

Eagle Star has had a minority interest in the French company since its formation in 1920. The acquisition, in conjunction with the recent establishment of Eagle Star's new Life subsidiary in France, will considerably enlarge the Eagle Star group's role in the French market.

HERON MOTOR DOCUMENT

The document concerning the bid by Heron Motor Holdings for a minority holding in Heron Motor Group has been posted. Independent directors of HMG took into account that the controlling shareholder is able to veto dividend payments and prevent outside offers being successful.

In addition, during the current year HMG has continued its policy of closing certain of the less profitable and loss-making operations.

It is estimated that the cost of closures — ebout £2.2m — will reduce net asset value per share to 45p (50p) at March 31, 1982.

Independent directors consider the price acceptable, in view of the difficulty of achieving e reasonable return on assets employed.

SPD GROUP

The SPD Group, a Unilever subsidiary, has agreed to purchase from the Ocean Transport and Trading Group the Cory distribution depots at Colborne and Rotherham, together with the Bradford Forklift Service Centre. SPD intends to maintain distribution services and will incorporate these units within the SPD distribution network, which already offers nationwide coverage.

The remaining Cory distribution depots will continue to operate as normal. Ocean has given the SPD Group an option to purchase these remaining depots.

Heron bid rises to £49.4m

THE BOARD of Heron International, the parent company of Heron Corporation made an increased offer worth £49.4m for Associated Communications Corporation yesterday.

The full terms for the offer are as follows: For each "A" ordinary stock unit (the non-voting shares), shareholders will be offered 90p in cash; and for each ordinary share of £1 each, the voting shares, the price will be determined as laid down in the Articles of Association of ACC.

The Articles of ACC contain certain provisions for determining the price at which ordinary shares may be transferred. Such price is related in the first instance to the quoted price of the "A" ordinary shares on the relevant date, appropriately multiplied or divided if and whenever the nominal amount of an ordinary share (currently £1) differs from the nominal amount of an "A" ordinary share (currently 25p).

Therefore, on the assumption that the quoted price on the relevant date of an "A" ordinary share is 90p, and a multiplier of 4 is applicable, the price payable pursuant to the ordinary offer for an offer for an ordinary share on that date would be 360p per ordinary share.

The offer is subject only to the outcome of legal proceedings instituted by Heron against the Independent Broadcasting Authority, ACC and its directors and Central Independent Television.

The offer will be subject to the rules of the City code on takeovers and mergers and will be conditional on: (1) receipt of acceptances in respect of not less than 90 per cent of the shares or stock units for which it is made (or such lower percentage, carrying in the case of the ordinary offer in excess of 50 per cent of the voting rights as Heron may decide); (2) receipt of all appropriate consents or assurances from the IBA and compliance with any legislation; and (3) the offer for the other class of shares becoming unconditional as to acceptances.

The ordinary offer will not, therefore, become unconditional unless and until the "A" ordinary offer becomes unconditional. Heron will reserve the right to waive in whole or in part the fulfilment of the second mentioned condition.

SHARE STAKES

Braby Leslie—CHI Securities, a subsidiary of CHI Industries (UK), has acquired 130,000 ordinary shares, bringing the holding to 630,000 (approx. 6.24 per cent).

John Carr (Doncaster)—Director P. J. Carr has sold 100,000 ordinary shares at 78p.

Drayton Consolidated Trust—Courtaulds Limited Pensions Common Investment Fund has sold its entire holding of 2,738,557 ordinary shares.

Erskine House Investments—Solarosa SA, a company registered in Cadiz, Spain, is beneficial owner of 692,500 ordinary shares (21.8 per cent). P. D. Brown no longer has a declarable interest in the ordinary share capital.

Leyland Paint and Wallpaper—Director Mr G. A. Thomas states that his family interests have a 50 per cent interest in a Jersey company which holds 150,000 ordinary shares in Leyland Paint and Wallpaper.

Combined English Stores Group—Norwich Union Insurance Group has increased its holding to 2,969,960 ordinary shares (6.08 per cent).

General Scottish Trust—Courtaulds has advised that the Pensions Common Investment Fund has disposed of its holding of 2.08m ordinary shares. It misinformed the company on December 10 that the holding had been increased to 2.25m shares.

Lincroft Kilgour Group — Mr D. T. H. Davenport has been legally edvised that 123,000 of his non-beneficial holding in the ordinary shares (2.81 per cent) should now be treated as being a beneficial holding. Accordingly his holdings are now 225,000 shares (4.7 per cent) beneficial and 25,000 (0.52 per cent) non-beneficial. It is emphasised that no shares have either been purchased or sold.

Glasgow Pavilion—Mr James Glasgow's associated companies are registered holders of 310,950 shares (35.59 per cent).

MINING NEWS

CRA slides into losses in second-half 1981

BY KENNETH MARSTON, MINING EDITOR

INEVITABLY, THE cold winds of recession blowing through the world's metal producing industry bave cast their chill on the 1981 results of the Rio Tinto-Zinc's group's 57.2 per cent-owned CRA.

After having made a profit in the first half of A$16m (£9.4m) — which included n gain of A$17.7m on forward sales of silver — the Australian mining giant has gone into the red in the second half of the year. As a result 1981 earnings come out at only A$12.5m compared with A$175.2m in 1980.

Furthermore, CRA points out that this result, which represents a mere 2.4 per cent return on capital employed, would have been "significantly worse" if current eccounting principles bad been applied to recognise the effects of infistion.

The latest earnings are before adding to a gain of A$13.7m arising from the sale of the 5.58 per cent interest in Blair Athol Coal.

Even so, the inclusion of this item only brings earnings per shere up to 6 cents egainst a dividend total for the year of 5 cents following the final now declared of 2.5 cents. CRA peid a total of 19 cents for 1980.

The latest results tell a story of depressed metal prices—with the exception of zinc—lower sales, labour unrest, increased costs and higber interest charges.

The strength of the Australian dollar resulted in an exchange gain of A$1.77m on overseas loans, but a loss of A$7.67m on the translation into Australian dollars of the earnings of overseas subsidiaries.

All CRA's subsidiaries and the associeted Comalco suffered substantially lower earnings last year. The AM&S lead, zinc, silver and copper producer made a loss on mining and smelting activities of A$12.3m

This was offset by net gains on the year of A$12.1m from forward purchases and sales of metals to leave a net loss of A$200,000 compared with a profit of A$48.6m in 1980. AM&S was able to sell all its output, but consolidated sales revenue fell 14.2 per cent to A$126.4m.

CRA ventures no comment on the outlook for the current year but the low levels of metal prices hold out no hope of any improvement at the moment. Most market observers, bowever, are looking for an upturn before the end of the year.

Shareholders may thus find some comfort in the fact that an increase of one U.S. cent per pound of either lead or copper—currently around 28 cents and 80 cents, respectively—is worth nearly A$1m to CRA's earnings.

The latest results bad been anticipated in the sharemarket and CRA improved 3p to 155p yesterday. Shares of the parent RTZ, which is due to announce its 1981 results in April, dropped 5p to 440p.

SPO Minerals in the red

THE Derbyshire producer of barytes (industrial mud), fluorspar and lead, SPO Minerals, reports e loss for the six months to September 30 of £742,980 which is equal to a lose per share of 12.04p.

The shares were 14p yesterday compared with a placing price of 80p in June 1980 and a price of 139p a year ego when 98.85 per cent acceptances were announced for the rights offer of one-for-four at 105p. A subsequent issue was made in August last year of one-for-one at 30p.

SPO estimates that in the three months to December 31 1981 a loss was incurred of £305,180. The losses, it is stated, largely reflect the bringing on stream of the Golconda mill and it is considered thet they are mainly non-recurring.

Genuine trading operations are considered to have started at Golconda in the first quarter of this year. But because of adverse weather conditions and the effects of the rail strike SPO directors are hesitant to predict operating results for the quarter.

They believe, however, that the company will trade profitably in the coming financial year to March 31 1983.

It is added thet International Drilling Fluids bas entered into a contract with SPO with a maximum gross value of £873,000 during the first year of the contract. SPO is also supplying other customers

Fall in S. African gold profits

THE PROFITS of South African gold mines dropped by a third last year to R4.9bn (£2.7bn), while tax payments fell by 45 per cent to R2.1bn, according to the mines' consolidated working results for 1981 published yesterday by the Chamber of Mines of South Africa, reports Bernard Simon from Johannesburg.

The weaker gold price during 1981 is reflected in the decline in working revenues on gold operations from an average of R120.56 per tonne milled in 1980, to R95.80 per tonne last year. Operating costs continued to rise sharply, from R35.53 per tonne to R14.89.

The average ore grade fell to 6.92 grammes of gold per tonne from 7.28 grammes in 1980 and 8.19 grammes the previous year. Recent fluctuations in the gold price have prompted mines to review their "pay limits," the minimum grade needed to cover costs. Adjustments in grade are thus made more often than in the past.

Most mines have pressed on with their modernisation and expansion programmes despite the fall in the bullion price from an average $614 an ounce in 1980 to $460 last year.

According to figures from this chamber of mines, total capital spending rose to R1.2bn last year from R0.9m in 1980. The heaviest spenders were Western Holdings, Vaal Reefs and Western Deep Levels.

Five mines — ERPM, Loraine, Venterspost, Witwatersrand, Nigel and West Rand Consolidated — qualified for state assistance totalling R26.9m last year. Subsidies paid in 1980 were negligible.

Uranium oxide production totalled 6,030.1 tonnes last year, slightly lower than in 1980. This figure does not include the Rio Tinto Zinc group's Rossing mine in Namibia, which produces some 5,000 tonnes a year. The South African mines' uranium profits fell from R148.8m in 1980 to R122.4m last year.

T. D. Cross goes into receivership

Mr N. F. Luckett and Mr. S. S. James of Thomson McLintock, chartered accountants, have been appointed receivers of T. D. Cross and Sons of Great Barr, Birmingham.

The company has 65 employees and is principally involved in the manufacture of pinions and chainwheels for general engineering applications.

Mr Luckett says be is taking urgent steps to assess the viability of the business with a view to its sale as a going concern; there have already been inquiries.

Bogod lower

Bogod-Pelepah, the sewing machine, textile and clothing machinery group, saw pre-tax profits fall from £33,000 to £3,000 for the six months to September 30 1981 on turnover of £3.2m against £3.06m.

Earnings per 10p ordinary ebare are stated at 0.028p (0.31p) and those of the 10p "A" ordinary shares totalled 0.058p (0.62p).

The interim dividend has been passed. Last year a 0.1p net interim was paid on ordinary shares and 0.2p on "A" ordinary. This was followed by finals of 0.3p and 0.6p respectively on both classes, when pre-tax profits for the full year amounted to £191,507 (£458,233).

Tribune Investment rises to £946,559 and pays more

AFTER-TAX REVENUE in 1981 of Tribune Investment Trust advanced from £883,242 to £946,559, equal to earnings of 3.69p, against 3.45p per 25p share. An increased final dividend of 2.2p raises the net total to 3p, compared with last year's 2.7p.

Tax for the year took £651,444 (£571,395) and management expenses £138,715 (£133,570) — last time there was also an interest charge of £11,162

Gross revenue for the year under review totalled £1.74m (£1.6m), made up from income from investments of £1.42m (£1.33m) and interest and underwriting commissions of £314,252 (£270,683).

The net profit figure was struck before a credit for exchange rate differences of £22,923 (£7,093 debit).

Total dividend payments absorb £768,750 (£691,875) leaving undistributed revenue et £200,732 (£184,274).

At year-end net asset value per share showed e rise from 123.9p to 139.7p. Valuation of investments amounted to £34.05m (£30.4m).

JESSEL TRUST STALLS

Jessel Trust is having thoughts about developing the Randolph Field. The extraordinary meeting called for today to approve fund-raising for the gas prospect in New York state has been adjourned—the board beaded by Mr Oliver Jessel announced yesterday. He said a "verbal offer" has been received for the field.

This is said to show a substantial profit to the company. A further notice to shareholders will be dispatched as soon as possible.

FOSTER BROTHERS

Foster Brothers Clothing Co. has acquired the outstanding 25 per cent minority interest in its U.S. subsidiary Anglo American Retail Corporation, which bas a 32 per cent holding in a U.S. public company Natco Industries, with an option to acquire a further 21 per cent in Natco up to October 1983.

Fosters paid with US$300,000 and the transfer of Anglo American's holding in Biny Clothing, for which Fosters paid US$1m.

SECURITY CENTRES

Security Centres Holdings has found its Midland base through the purchase of Safeguard Alarms of Birmingham. Safeguard, established for over 12 years, is a member of the NSCIA and is approved by the West Midlands Police Authority.

Birmingham will be rapidly developed as a Regional Centre and joins London, Manchester and Glasgow, as the backbone of the national network envisaged by Security Centres.

OCEANA CONSOLIDATED COMPANY (investment trust)—Pre-tax profit for the half year to September 30, 1981, £29,768 (£41,852). Tax £11,407 (£12,554). Attributable profit £27,678 (£29,441) after minority debits of £685 (£577). Stated earnings per 25p share 1.35p (1.39p).

LONDON TRADED OPTIONS

Feb. 18 Total Contracts 1739. Calls 1318. Puts 421.

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	280	19	8	32	—	42	—	290p
BP (c)	300	8	25	18	—	28	—	"
BP (p)	280	12	25	15	20	20	—	"
BP (p)	300	26	—	28	20	30	—	"
CU (c)	130	12	4	19	13	22	—	134p
CU (c)	140	5	—	13	3	18	—	"
CU (p)	130	1½	—	—	—	—	—	"
Cons. Gld (c)	460	22	2	40	—	50	—	449p
Cons. Gld (c)	500	12	2	26	—	30	—	"
Cons. Gld (c)	550	5	3	15	—	—	—	"
Cons. Gld (p)	420	5	5	17	—	24	—	"
Cons. Gld (p)	460	20	1	36	—	42	—	"
GEC (c)	800	52	7	77	—	98	—	834p
GEC (c)	850	24	9	47	—	67	—	"
GEC (c)	750	7	—	24	10	—	—	"
GEC (p)	800	16	2	26	—	50	—	"
Gr'd Met. (c)	160	37	8	43	—	—	—	192p
Gr'd Met. (c)	180	20	19	29	5	35	—	"
Gr'd Met. (c)	200	10	37	16	—	21	—	"
Gr'd Met. (p)	200	13	—	15	1	17	—	"
ICI (c)	300	50	25	58	—	—	—	340p
ICI (c)	330	20	6	28	—	38	—	"
ICI (c)	360	6	20	16	5	22	—	"
ICI (c)	390	2	—	8	—	13	—	"
ICI (p)	330	3	10	10	—	15	—	"
ICI (p)	360	54	60	40	—	44	—	"
Land Sec. (c)	280	9	—	18	10	24	5	289p
Mks & Sp. (c)	140	6½	—	10	—	14	30	140p
Mks & Sp. (c)	160	2½	—	4	—	6	10	"
Shell (c)	360	93	—	96	1	—	—	446p
Shell (c)	390	58	—	66	1	39	—	"
Shell (c)	420	35	—	39	—	29	—	"
Shell (c)	460	18	10	24	26	29	—	"
Shell (p)	390	8	—	14	—	18	—	"
Shell (p)	420	70	1	44	—	44	—	"

Option	Ex'rcise price	February Closing offer	February Vol.	May Closing offer	May Vol.	August Closing offer	August Vol.	Equity close
Barclays (c)	420	65	2	50	—	77	—	473p
Barclays (c)	460	15	3	32	35	48	—	"
Barclays (c)	500	3	10	15	—	29	7	"
Barclays (p)	460	1	5	12	—	20	—	"
Imperial (c)	50	34½	10	35½	—	29	5	85p
Imperial (c)	70	14½	10	17	5	20	—	"
Imperial (c)	80	4½	109	9½	259	12½	152	"
Imperial (c)	90	½	—	4	—	6½	334	"
Imperial (p)	70	½	—	11½	10	1½	—	"
Imperial (p)	80	½	—	3½	5	3½	25	"
Imperial (p)	90	7	—	9	—	9	—	"
Lasmo (c)	330	7	2	25	4	40	2	519p
Lasmo (c)	550	1	—	15	—	24	—	"
Lasmo (c)	600	1	—	10	—	16	1	"
Lonrho (c)	60	18	1	10	—	1	—	77p
Lonrho (c)	70	8	3	10	5	9	—	"
Lonrho (p)	80	3	10	7	19	6	—	"
P & O (c)	140	1	—	5	7½	15	5	152p
Racal (c)	390	1½	27	19	9	20	—	398p
Racal (c)	420	1	—	10	10	28	—	"
Racal (c)	460	4	7	19	22	16	—	"
Racal (p)	390	25	17	29	31	35	—	"
Racal (p)	420	28	3	38	—	50	—	"
RTZ (c)	420	34	9	50	—	65	—	409p
RTZ (c)	460	4	5	26	16	44	—	"
RTZ (c)	460	25	24	30	10	34	—	"
RTZ (p)	500	69	—	70	—	70	—	"
RTZ (p)	550	112	2	115	1	115	—	"
Vaal Rfs. (c)	65	3	—	6½	—	9½	—	357
Vaal Rfs. (p)	45	3	—	6½	1	8½	10	"
Vaal Rfs. (p)	60	4	14	7	10	8¼	10	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series	Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C $375	87	1.50	2	20	—	—	$369.25
GOLD C $400	—	—	1	11	5	17	"
GOLD C $425	—	—	—	—	8	12	"
GOLD C $475	—	—	55	1.50	—	—	"
GOLD P $350	—	—	60	8.80	—	—	"
GOLD P $375	190	6.60	19	17	409	23	"
GOLD P $400	29	38	8	36	60	34.10	"
GOLD P $425	6	67	6	53	—	—	"
12¾ NL 81 87.91 C F.107.50	—	—	—	—	20	1.50	F.107.80
12 NL 81 85-88 C F.102.50	—	—	—	—	5	2.20	F.103.40
10¼ NL 80 86-95 C F.95	—	—	1	1.80	5	2.90	F.96.80
C F.97.50	30	1.30	—	—	200	1	"
P F.97.50	—	—	—	—	100	0.80	"

Series	April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C F.300	25	1.20	—	—	—	—	F.276
AKZO C F.25.50	10	4.30	—	—	—	—	F.26.50
AKZO C F.25	338	2	—	—	—	—	"
AKZO C F.27.50	10	0.80	14	1.50	65	2	"
AKZO C F.30	5	0.40	10	0.60	3	1.10	"
AKZO P F.25	61	1.90	30	2.20	—	—	"
AMRO C F.50	6	0.40	10	1.50	—	—	F.46.50
HEIN C F.50	1	—	—	—	—	—	F.51.20
HOOG C F.17.50	1	0.40	—	—	1	9.60	F.16.20
IBM C $65	—	—	—	—	—	—	$62¾
KLM C F.90	—	14.30	—	—	—	—	F.92.90
KLM C F.95	38	6	14	8.50	1	9.50	"
KLM C F.100	55	2.20	16	5.20	5	6.80	"
KLM C F.110	24	0.70	35	—	—	—	"
KLM P F.80	20	0.90	6	—	—	—	"
KLM P F.90	29	0.40	6	—	—	—	"
KLM P F.100	10	8.50 A	—	—	—	—	"
NEDL C F.120	—	10	—	—	—	—	F.123
NEDL C F.130	10	1.60	13	3.40	—	—	"
NEDL P F.120	105	2.70	7	—	—	—	"
NEDL P F.130	99	7.00	20	14	4	14	"
NATN P F.105	—	—	4	—	10	1.80	F.108.70
PHIL C F.17.50	—	—	—	6.50	—	—	F.23.70
PHIL C F.20	19	4.10	16	4.20	—	—	"
PHIL C F.22.50	129	1.90	83	2.20	36	2.90	"
PHIL C F.25	320	0.60	235	1	183	1.40	"
PHIL P F.26.50	—	—	100	0.60	—	—	"
PHIL P F.25	—	—	1	2.10 A	—	—	"
RD C F.70	40	11.60	—	—	—	—	F.80.40
RD C F.80	710	3.30	88	4.50	1	6.50	"
RD C F.90	138	0.90	8	1.20	3	2.50	"
RO P F.80	123	2.40	15	4.10	19	4.50	"
RD P F.80	47	8.60	3	10.50	—	—	"
UNIL C F.160	156	3.50 A	5	4.50	—	—	F.155.30

Series	Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
SOEI P $20	—	—	—	—	—	—	$19
SIEM C DM.280	1	0.10	—	—	—	—	DM216.80
SLUM C $55	—	—	1	1½	—	—	$49⅜

TOTAL VOLUME IN CONTRACTS: 4516

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	14 %	Robert Fraser	14 %
Allied Irish Bank	14 %	Grindlays Bank	‡14 %
American Express Bk.	14 %	■ Guinness Mahon	14 %
Amro Bank	14 %	■ Hambros Bank	14 %
Henry Ansbacher	14 %	Heritable & Gen. Trust	14 %
Arbuthnot Latham	14 %	■ Hill Samuel	§14 %
Associates Cap. Corp.	14 %	C. Hoare & Co.	†14 %
Banco de Bilbao	14 %	Hongkong & Shanghai	14 %
BCCI	14 %	Knowsley & Co. Ltd.	14½%
Bank Hapoalim BM	14 %	Lloyds Bank	14 %
Bank Leumi (UK) plc	14 %	Mallinhall Limited	14 %
Bank of Cyprus	14 %	Edward Manson & Co.	15 %
Bank Street Sec. Ltd.	15½%	Midland Bank	14 %
Bank of N.S.W.	14 %	■ Samuel Montagu	14 %
Banque Belge Ltd.	14 %	■ Morgan Grenfell	14 %
Banque du Rhone et de la Tamise S.A.	14½%	National Westminster	14 %
Barclays Bank	14 %	Norwich General Trust	14 %
Beneficial Trust Ltd.	15 %	P. S. Refson & Co.	14 %
Bremar Holdings Ltd.	15 %	Roxburghe Guarantee	14½%
Bristol & West Invest.	15 %	E. S. Schwab	14 %
Brit. Bank of Mid. East	14 %	Slavenburg's Bank	14 %
■ Brown Shipley	14½%	Standard Chartered	‖14 %
Canada Perm't Trust	14½%	Trade Dev. Bank	14 %
Castle Court Trust Ltd.	14½%	Trustee Savings Bank	14 %
Cavendish G'ty T'st Ltd.	15½%	TCB Ltd.	14 %
Cayzer Ltd.	14½%	United Bank of Kuwait	14 %
Cedar Holdings	14½%	Whiteaway Laidlaw	14½%
■ Charterhouse Japhet	14 %	Williams & Glyn's	14 %
Choulartons	14½%	Wintrust Secs. Ltd.	14 %
Citibank Savings	¶14 %	Yorkshire Bank	14 %
Clydesdale Bank	14 %		
C. E. Coates	14½%		
Consolidated Credits	14 %		
Co-operative Bank	*14 %		
Corinthian Secs.	14 %		
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E.T. Trust	14 %		
Exeter Trust Ltd.	15 %		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11.60%, 1-month 11.75%. Short term £8,000/12 month 14.10%.
† 7-day deposits on sums of:—under £10,000 11¼%, £10,000 up to £50,000 12¼%, £50,000 and over 12¾%.
‡ Call deposits £1,000 and over 11½%.
‖ 21-day deposits over £1,000 13½%.
§ Demand deposits 12¼%.
¶ Mortgage base rate.

BANK RETURN

	Wednesday Feb. 17 1982	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	
Public deposits	29,333,070	— 2,016,916
Bankers Deposits	511,690,806	— 79,335,060
Reserve & other Accounts	1,554,238,087	— 12,476,224
	2,125,814,463	— 93,828,200
Assets		
Government Securities	464,970,058	— 180,785,000
Advances & other Accounts	1,079,363,035	+ 23,434,177
Premises Equipment & other Secs.	576,313,757	+ 73,054,889
Notes	4,864,500	— 11,397,353
Coin	203,072	+ 4,883
	2,125,814,463	— 93,828,200
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	10,575,000,000	— 25,000,000
In Circulation	10,570,135,500	— 13,602,647
In Banking Department	4,864,500	— 11,397,353
Assets		
Government Debt	11,015,100	
Other Government Securities	4,301,441,522	+ 49,651,601
Other Securities	6,263,543,378	— 74,651,601
	10,575,000,000	— 25,000,000

Dobson Park warns on first half

DISAPPOINTING first-half figures from Dobson Park Industries were predicted by Mr J. Francis, the chairman, at the agm. "We are unable to forecast a general improvement in the full year's profit levels over those of last year," he said.

Mr Francis said that all operations continued to be adversely affected by the world-wide depression. The first quarter's performance was aggravated by labour disputes in the two significant UK areas of mining equipment and Markon alternators, as well as by the bad December weather.

The chairman pointed out that although most operations were now working a five-day week, fierce competition was continuing to affect margins. He added that further rationalisation in the power tools division was required before any real improvement in performance could be achieved.

36% rise for Hoskyns Group

Pre-tax profits of Hoskyns Group, computer services and information technology company, improved from £1.26m to £1.71m in the year to October 31 1981. This was an increase of 36 per cent. Sales revenue climbed from £17.69m to £21.45m and trading profits were higher at £2.38m compared with £1.79m, a 34 per cent rise.

The pre-tax figure was struck after research and development costs of £674,000 (£523,000) and before interest charges of £122,650 (£108,524). There was a net tax charge of £307,903 against a net credit of £211,452, leaving retained profits slightly lower at £1.28m (£1.36m).

Hoskyns MAS (modular application systems) continued to offer more companies and organisations computer systems. MAS-related sales accounted for nearly 30 per cent of Hoskyns' revenues.

The directors say the group's forward order books are as full as they have ever been and next year already looks set to continue its growth pattern.

The balance sheet shows current assets of £6.44m (£5.17m), including bank balances and cash substantially higher at £588,836 against £90,827. Net current assets at the year end were £1.07m (£536,956) and shareholders' funds were £3.83m (£2.54m).

The group is a subsidiary of Martin Marietta Data Systems Inc.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Scottish United Investors, Telefusion, Throgmorton Secured Growth Trust, Wettsham's.

Finals: Kennedy Brookes, Lloyds Bank, F. Miller (Textiles), Romney Trust, TACE.

FUTURE DATES

Interim—
Plessey ... Feb 25

Finals—
A.I. Industrial Products ... Feb 26
Greenfields Leisure ... Mar 5
Invest. Trust of Guernsey ... Feb 22
Jeevons Engineering ... Mar 8
Marchwiel ... Feb 23
Moorside Trust ... Feb 24
Westwood Dawes ... Feb 25

* Amended. † Third-quarter figures.

SA Eagle makes £3m loss on underwriting

South African Eagle, which is 57.5 per cent owned by Eagle Star Insurance, suffered an underwriting loss of R3.38m (£1.87m at current values) in 1981, compared with a profit of R2.12m (£1.17m) previously. Net premiums written increased from R68.1m to R88.3m.

The company says the poor underwriting results were due to a rapid deterioration in the motor department, where the number of claims increased dramatically as did the cost of repairs. The fire department was hit by flood catastrophes at Port Elizabeth and Laingsburg and an unusual number of large fires.

After-tax income fell slightly from R6.44m to R6.4m. Earnings dropped from 54.1 cents to 53.5 cents per share, but an unchanged total dividend of 40 cents has been declared.

Advance by Updown Tst.

Gross revenue of Updown Investment Trust for 1981 improved from £174,499 to £195,222 and, after tax of £54,566 against £43,176, the attributable balance showed a £9,357 increase at £103,380.

Earnings per 25p share rose from 2.35p to 2.58p and the net dividend is lifted from 2p to 2.25p.

At the year end, the net asset value per share was 120p (114p).

Charter Trust foreign earnings stabilise income

A BUILD-UP in the overseas content of the portfolio at Charter Trust and Agency was partly behind the virtually unchanged gross revenue of £2.41m for 1981, says Mr M. Devas, chairman, in his annual report.

Mr Devas says the marginal increase was envisaged in his previous annual statement. He points out that foreign income was up by more than 56 per cent, helped by the sharp fall in sterling. The fall in deposit interest caused by the more or less fully invested position of the Trust was offset by substantially higher underwriting commission, he says.

The directors intend the trust to remain fully invested, with about 40 per cent of the portfolio overseas. Although the long-term outlook for the Far East remains excellent, they do not expect particularly strong markets in this area in the immediate future.

They say high U.S. interest rates could well delay the expected recovery in stock markets. The trust does not intend to continue expanding its overseas content, which has been its policy for the past two years.

It intends to continue reducing the number of its investments held. Two areas where it intends to increase exposure are recovery situations in the manufacturing sector and unlisted securities.

A resolution has been proposed for the annual general meeting to increase the fees paid to the chairman to a maximum of £6,750 and £5,000 for each director.

At year-end investments at valuation amounted to £45.97m (£43.07m). Net current liabilities emerged higher at £1.16m (£505,461). Net asset value per 25p share rose from 100.5p to 106p. The full conversion of the unsecured loan stock would result in an adjusted asset value of 105.9p (100.4p).

Shareholders' funds amounted to £42.85m (£40.55m). The decrease in liquidity was £976,000 (£1.32m).

Meeting, 20 Fenchurch Street, EC, March 11, 2.30 pm.

WOUND UP

Radjel and A and L Distributors were compulsorily wound up in the High Court yesterday.

Sharp rise in Ozalid deficit

SUBSTANTIAL reorganisation costs are included by Ozalid in the year's results to November 30 1981 which show pre-tax losses sharply increased from £1.4m to £4.96m.

However, the results for the first two months of the current financial year show a significant improvement as a result of the actions taken, and the directors expect them to be better for the year as a whole.

The actions taken were to bring operating costs into line with lower revenue. Following the disposal of its wholly-owned subsidiary, J. B. Broadley, the company has continued its policy of concentrating on the reprographic industry.

The company is wholly owned by Oce-van der Grinten NV of Holland.

Turnover for the year was lower at £46.53m, compared with £51.33m previously. Last time there was a tax credit of £504,000. Extraordinary debits were lower at £3.24m, against £4.91m.

Profits improve for DAD Properties

The Dublin-based property investment company, DAD Properties reports improved pre-tax profits of I£465,643 for 1981 against I£419,326 previously.

A final net dividend of 1.3p will be paid on capital increased by the 2-for-1 scrip issue of last August. This makes the equivalent total 1.8p against 1.53p. Earnings per share were stated as 1.920 compared with 1.76p.

Taxable profits were struck after property outgoings and other charges of I£147,707 (I£122,495). Tax took I£165,277 (I£161,551).

Profits on property sales transferred to reserves dropped slightly from I£63,548 to I£54,866. Retained profits were down from I£33,622 to I£17,583.

Channel Islands Inv.

Pre-tax revenue of Channel Islands and International Investment Trust rose from £395,262 to £415,663 for 1981.

The dividend is being increased from 37.5p to 40p per £1 share gross. Net asset value per capital share rose to 312.2p (292p).

Tax of this investment trust took £83,133 compared with £79,052 last year.

Baldwin plunges into the red

IN THE six months to October 31 1981, trading continued to decline at H. J. Baldwin and Company, the Nottingham clay and concrete manufacturer. The directors say that sales to practically all its principal customers fell and production was curtailed to a substantial extent.

First half figures show a trading loss of £94,248, compared with profits of £155,504. Turnover was down from £1.26m to £1.15m. No interim dividend is again being paid—last year's single payment was 1p from pre-tax profits of £111,329.

Mr R. S. Hursthouse, the new chairman, says redundancies have been made and stock reductions effected, and although cash flow has been maintained, under-recovery of overheads coupled with fierce competition for the work available eroded margins.

He says business activity is depressed, and the severe weather during December and January also took its toll. There is no sign of an immediate upsurge in trade.

At the end of January, a fire destroyed the roof of the continuous kiln. The manufacturing process was maintained, due entirely to the efforts of the staff, and a temporary roof covering was provided almost immediately. Mr Hursthouse says full insurance cover is held for the assets affected and consequential losses.

There was a tax credit of £43,000 (charge £79,475) in the first half, leaving the attributable loss at £56,148 (profit £71,129). There was a loss per 10p share of 1.61p against earnings of 2.03p.

H. Young slips into loss again at six months

THE MOVE back into profit by H. Young Holdings in the second half of 1980-81 proved short-lived. For the six months to November 30 last this Guildford, Surrey, motor distributor incurred a pre-tax loss of £39,523, compared with a profit of £24,911 for the preceding six months and a deficit of £20,111 for the corresponding period a year earlier.

The directors say that although the second half of the current year should show an improvement on the first half, a loss for the year will, as anticipated, be inevitable.

Half-year turnover rose to £1.93m (£1.59m). The taxable loss was after exceptional losses of £17,844 (nil), arising from the start-up of new garages. There was again no tax charge.

Stated loss per 25p share widened from 2.4p to 4.8p and there is again an interim dividend—the last dividend payment was for 1977.

No account was taken of earnings from the 33⅓ per cent stake in the Cardstrong Group—the figures were not available. This group incurred substantial start-up losses at a new tyre remould factory established in Cambridge and will incur a loss for the year.

The new garage operations in Godalming and Aldershot are now established and will begin to contribute to profits and the group's profitability. Puttocks, will be establishing a Solus Mercedes-Benz passenger car and commercial vehicle operation in Surrey in the next financial year which the directors say augurs well for the future of the group.

They remain confident of the outlook for next year.

Pre-tax loss on a CCA basis was £39,215.

Raleigh (Malaysia) plans

Raleigh Cycles (Malaysia) Berhad, which has reversed its losses and is now trading profitably, has announced new measures to increase its capital and diversify into other activities.

In anticipation of this, shares of the company on the Kuala Lumpur stock exchange have been moving upwards in the past few weeks from around ringgit 2.5 to over ringgit 7.5.

The company has announced a three-for-two scrip issue, capitalising ringgit 4.83m of reserves and share premiums, to be followed by a one-for-one rights issue at ringgit 1.5 per share. After the issues, the paid-up capital will be ringgit 16.125m.

Raleigh says it will still be concentrating on the manufacture and distribution of bicycles, but it has set up a subsidiary, Ralmal Trading Sdn to acquire "agencies, franchises, and distribution lines which are not confined to the bicycle and component business." The company is also considering venturing into the development of real property.

APPOINTMENTS

Managing director for British Aluminium

Dr S. J. Ford becomes managing director of THE BRITISH ALUMINIUM COMPANY from April 22. He succeeds Mr L. S. F. Charles who has reached retiring age. Mr Charles will relinquish executive duties but remain on the board as a non-executive director. Dr Ford joined British Aluminium in 1966. He was appointed to the board in April 1977 and became deputy managing director in April 1981.

*

Mr Harald Hamerton-Stove has been appointed a director of CAROLINA BANK, London, wholly-owned merchant bank subsidiary of North Carolina National Bank.

*

Mr W. N. Carlisle has been appointed managing director of GILBERT ASH SCOTLAND and Mr D. T. Humphrey becomes managing director of BOVIS HOMES SCOTLAND. Both these companies are subsidiaries of the Gilbert Ash Group, a Bovis Company. Mr John Bolland, previously managing director of Gilbert Ash Scotland, has been appointed group development director responsible for new ventures, research and group technical services.

*

In the J. O. PLOWRIGHT AND CO. group Mr M. Holland has been appointed to the board of J. O. Plowright and Co. (Tankers); Mr W. Oversby a director of J. O. Plowright and Co. (Dry Cargo); and Mr C. J. Laney to the board of J. O. Plowright and Co. (Oil).

*

Mr John Robinson has been appointed to the board of LEASCO as sales and marketing director.

*

VICTOR PRODUCTS (WALLSEND) has appointed Mr Christopher H. E. FitzPatrick as deputy managing director. He joined the group in 1976 as managing director of wholly-owned subsidiary Transtar, Hebburn.

*

Mr. S. H. Lawrence has been appointed deputy general manager (computer operations) MIDLAND BANK, from March 1. Previously Mr Lawrence has been the director responsible for a major element of the research, development and implementation of worldwide data processing and communication systems with the Ministry of Defence.

*

Mr W. A. George has been appointed president of WEETABIX. Mr Richard George succeeds his father as chairman of the company, and was also appointed managing director, a position he will hold jointly with the new president.

*

Mr John Robertshaw, chairman of United Scientific Holdings, has been appointed a director of the TECHNOLOGY AND INNOVATIONS EXCHANGE and chairman of its financial panel, which provides seed capital to innovators.

*

Mr Miles Broadbent has been named managing director of the London office of RUSSELL REYNOLDS ASSOCIATES, INC., an executive recruiting firm. He succeeds Mr David M. Norman, who has left the firm to pursue personal interests.

*

Mr Derek Allan has been promoted to general manager of BUPA's marketing and international operations from assistant general manager.

*

Mr Gordon Miller has been appointed to the new position of director ARMCO UK corporate affairs. He will be responsible for liaison between all Armco's activities in the UK and for corporate image, public relations and government affairs. He will remain company secretary of Armco Financial Services Europe and its subsidiaries.

*

Mr Allan Spink has been appointed to the board of CITY RESEARCH ASSOCIATES.

*

The SEDGWICK GROUP has made the following appointments. Mr D. L. Mahoney, a deputy chairman, Sedgwick North America; Mr H. B. Poole, director, Sedgwick Aviation; Mr C. J. Grey and Mr M. C. Howard, directors, Sedgwick Payne; Mr K. H. Dannenbaum, director, Sedgwick Group Special Services; Mr S. J. Cox, director, Sedgwick Forbes (Lloyd's Underwriting Agents). Mr A. B. Fleming and Mr H. H. Lumsden have been appointed directors of Sedgwick Northern Ireland; Mr A. J. Brown, Mr D. N. Kitchiner and Mr A. D. A. Sherwood, directors, Sedgwick Group Finance and Administration; and Mr D. J. Griswood, director, Sedgwick Employee Benefits Consultants.

*

UBM MERCHANTS, builders' merchanting division of UBM Group, has appointed Mr Gerald Chown as marketing and buying director. He was previously commercial director. Mr Jeremy Scott has been appointed regional managing director for subsidiary companies in the Midlands, West of England and London areas. He was previously branch director. Mr Jeffrey Milout and Mr Albert Morecroft have been appointed to the board.

*

Fitch and Co. has appointed Mr Sandy Laing Hutcheon as divisional director of FITCH HOTEL SERVICES.

*

Mr Roy Foster has become general manager of GELCO INTERNATIONAL (Manchester), which specialises in vehicle fleet leasing and management. Mr Ian Buckley has been appointed general manager/sales director of Auto Contracts Gelco, the division which specialises in "with maintenance" leasing. Mr David Jones becomes marketing manager for both Gelco International and Auto Contracts Gelco.

*

Miss Rosalind Davis has been appointed to the board of ANGELA MORTIMER.

*

ADDISON TOOL COMPANY has acquired AMT (B'ham). The previous managers of AMT, Mr L. G. Mallabond and Mr A. M. D. Miller now have an equity in the company of which they are now joint managing directors. Mr George W. J. Trowbridge, a retired main board director of John Brown and retired managing director of Wickham Machine Tools, has been appointed chairman.

*

New general manager of vehicles at GRAVINER is Mr E. A. Barclay who was until December commercial director of Alvis, where he was responsible for the marketing and sales of the Scorpion armoured fighting vehicles. General manager of aerospace is Mr Nigel J. Randall who joins from Lucas Aerospace, where he was company marketing manager. New engineering director is Mr Stephen Robinson, who for the past five years has been Graviner's technical manager.

*

At the SCOTT-GREENHAM GROUP, Alfreton, Mr Tony Dearie, general manager of the crawler crane division, has been appointed a director of Scott-Greenham Crawler Cranes; Mr Bob Young, previously administration manager, has been appointed a divisional director with responsibility for all commercial and administrative matters; Mr Greg Shaw, previously with Rigging International, has been appointed general manager of Scott-Greenham Heavy Cranes; Mr Bob Comrie, previously with Hewden Stuart, has been appointed regional manager (Scotland); and Mr Malcolm Lawton has been appointed general manager of Renta Crane.

*

BSC INTERNATIONAL has appointed Mr Herbert A. Lonsdale as director, management development and training.

Kenneth Edwards joins CBI

Mr Kenneth Edwards has been appointed deputy director-general of the CONFEDERATION OF BRITISH INDUSTRY from March 14.

He will take over the newly-created third deputy director-general's post and will be functionally responsible to the Director-General for the operational effectiveness of the CBI, including its organisation and procedures, personnel and finances. He will also be responsible for the organisation of the national conference and will have line responsibility for the administration, international affairs and corporate affairs directorates.

Mr Edwards has been closely involved in CBI work as a member of the president's committee. He has served on a number of other CBI committees and recently has contributed to the CBI drive to correct the imbalance of trade between Britain and Japan.

Mr Edwards is at present chief executive of the British Electrical Allied Manufacturers Association (BEAMA), a post he has held since January 1976. Prior to joining BEAMA, he was with the Thorn Group, first as group marketing manager of Thorn Electrical Industries and then as international director of Brookhirst Igranic. This latter company later became part of Cutler-Hammer Inc, an international manufacturer of control gear, and Mr Edwards became group marketing director of Cutler-Hammer Europa.

The other two deputy-directors-general are Mr Edward James and Mr Bryan Rigby whose duties have been reorganised.

Dr S. J. Ford

IFC top London post

The INTERNATIONAL FINANCE CORP., a World Bank affiliate, has appointed Mr Hans Pollan to head the corporation's London office. Mr Pollan, an Austrian, has been a senior executive with the World Bank group in Washington. The corporation says he will concentrate on developing links with European banks and industrial firms in financing projects in developing nations.

*

Mr Roger Bowes has been appointed deputy chief executive of MIRROR GROUP NEWSPAPERS from March 1. He has been the director responsible for advertisement sales for the last three years.

*

Mr Robert C. Tomkinson has been appointed financial director of AUTOMOTIVE PRODUCTS. He was financial director of Intercontinental Fuels.

*

Mr Alan King has become a director of ARCOL THERMOPLASTICS, Glasgow, and continues as general manager. Arcol Thermoplastics is a subsidiary of Johnsen and Jorgensen Packaging.

*

Mr G. A. H. Watts has been appointed a director of ELECTRICAL PRESS. Mr Watts is a director of The British Electric Traction Company, which is the ultimate holding company of Electrical Press.

*

Mr Rodney Mann has been appointed managing director of NORWICH BREWERY. A member of the Mann brewing family, his last post was trade director of Trumans.

*

Mr Clifton Robinson has been re-appointed as full-time deputy chairman of the COMMISSION FOR RACIAL EQUALITY for a further two years from May 1.

*

Mr Alstair D. Mackay has retired from the board of LIBERTY LIFE ASSURANCE COMPANY because of ill health. The company says it has no plans to replace him.

*

Mr Roy C. Arundel has been appointed sales director of CATTON AND CO. He was formerly sales director of Blackett Hutton, Guisborough. Catton and Co. is part of the Weir Group.

*

Mr Gulmer A. (Bud) Hines, Jnr. has been appointed a director of STONE AND WEBSTER ENGINEERING in London and vice-president of Stone and Webster Engineering Corporation, U.S.

*

RATHDOWN INDUSTRIES, has appointed Mr David Aminzade as sales and marketing director.

*

Mr Michael Tripp has been appointed executive director in charge of CADBURY TYPHOO CATERING SERVICES.

*

CENTURYAN SECURITY has appointed Mr Peter Tilzey as group director for the Midlands, North and Scottish regions.

*

Dame Elizabeth Ackroyd has been re-appointed chairman of the CINEMATOGRAPH FILMS COUNCIL.

*

Sir John Prideaux has been appointed to the board of DOW SCANDIA BANKING CORPORATION, which has recently acquired Arbuthnot Latham Holdings, of which Sir John is a director.

*

Mr C. John Spruyt has been appointed to the board of LAMBERT BROTHERS SHIPPING, shipbroking subsidiary of Hill Samuel Group, from March 15. He was formerly senior vice-president of Gotaas-Larsen and also chief executive of Tate and Lyle Shipping.

*

Mr R. G. Jackson has been appointed assistant director of industry for CORBY. He was formerly managing director of GEC Radio and Television (Malaysia) Sdn Bhd.

*

OSCAR FRIEDHEIM has appointed Mr Lanric Knowles as executive chairman. Mr Jimmy Venn has been promoted to managing director. Mr Richard Harrison has been promoted to managing director of Oscar Friedheim (Offset).

*

BERGER JENSON AND NICHOLSON has made the following appointments. Mr Bill Collins, chief executive of Cuprinol, the Berger Group's wood preservatives company, will now also be responsible for the group's interests in elastomers, traffic markings and resinous chemicals, as well as activities in Canada and the U.S. Mr Brian Davies, formerly managing director of Selley's Chemicals, a Berger Group company in Australia, has returned to the UK to assume responsibilities for the group's activities in Africa, South-East Asia and the Caribbean, excluding those in the Pacific area. Mr David Lidbetter, chairman of BJN New Zealand and chief executive of BJN Paints Australia, will now also be responsible for the group's activities in the Pacific area. He will continue to reside in Australia. Dr Gunter Motz, board member of Hoechst AG, parent company of the Berger Group, becomes a non-executive director of the group.

*

Mr George Smart has been appointed technical director of NEWAGE TRANSMISSIONS, part of the Charterhouse Group.

*

Mr Masanori Ishiko is to become general manager of KONISHIROKU UK. Previously he was manager of international marketing with world-wide responsibility in the parent company's Konica camera division.

INTERNATIONAL COMPANIES and FINANCE

Dollar Eurobond prices show widespread gains

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

DOLLAR EUROBONDS put on up to ¾ points yesterday but the market failed to respond fully to a much stronger opening in the New York bond market.

Traders in Europe still seemed rather sceptical about the durability of the U.S. bond market's advance, while retail buyers remained on the sidelines.

A feature of the day was a continued good reception to Mexico's $100m, 17½ per cent bond launched through Credit Commercial de France on Wednesday. Bankers said the issue was unaffected by Mexico's decision to let its currency depreciate sharply on exchange markets.

The bonds remain attractive because of their very high coupon, they said. With six-month Eurodollar rates down ⅝ points yesterday to 16 per cent, holdings can be financed at a profit in the interbank market, they noted.

Another Mexican borrower, Multibanco Comermex, has launched a $40m, 10-year subordinated floating rate note at a margin of ¼ per cent over six month London inter-bank offered rate (Libor). The notes bear a minimum coupon of 5¼ per cent and are being offered at par through a management group led by the National Bank of Abu Dhabi. The issue may be redeemed after seven years at the holder's option.

Elsewhere the Province of Quebec is raising C$50m in the form of a six-year 17 per cent issue priced at 99½ per cent by lead managers Societe Generale.

Trading in Continental bond markets was quiet.

Murata Manufacturing, a Japanese electric components company, launched a DM 50m, eight-year convertible issue through Bayerische Vereinsbank and Nomura International. The bonds bear an indicated coupon of around 7 per cent and conversion premium of around 5 per cent.

The DM 50m, 12-year bonds for Tauernautobahn were priced at par with a coupon of 9¾ by WestLB.

In Switzerland, the latest private placement for Canada was increased to SWFr 400m from SwFr 300m, but the SwFr 100m, 10-year bond issue for the Austrian Postal Savings Bank fared less well, having its coupon increased to 7½ per cent from 7¼ per cent. The issue price has been set at 99½ by Kredietbank (Suisse).

Bankers Trust restructuring

BY STEWART FLEMING IN FRANKFURT

BANKERS TRUST GmbH, the West German subsidiary of Bankers Trust of New York, plans to close its branches in Dusseldorf and Munich, sell its branch in Hamburg, and concentrate its business operations at its remaining Frankfurt office.

Its Hamburg branch is to be sold for DM 3.7m ($1.54m) to Deutsch - Skandinavische Bank, a 100 per cent-owned subsidiary of the large Swedish bank, Skandinaviska Enskilda Banken, since last October.

The deal will substantially strengthen Deutsch - Skandinavische Bank's (DSB) leading position in the German-Swedish banking market. DSB has assets of DM 1.7bn and according to Herr Gerhard Tobeschat, a member of the board, earned an interest surplus of DM 1.8m in 1981.

The reorganisation by Bankers Trust's German offshoot is in line with similar strategic decision undertaken by the U.S. parent. The German subsidiary has decided to pull out of the business of making loans to smaller to medium-sized companies and will concentrate instead on servicing the top 30 or 40 German corporations, particularly in export and project financing, Herr Bragi F. Schut, the bank's chief executive said yesterday. It is also abandoning retail banking and custodian banking. Investment advisory business can be serviced from Bankers Trust's Swiss operation or from London.

As a wholesale bank in future, alongside servicing top industrial companies, Bankers Trust in Germany will concentrate on further developing its international correspondent banking services, a business in which the bank claims to be very strongly positioned. In addition it is aiming to build up its foreign-exchange trading where Herr Schut sees scope for expansion.

Bankers Trust's German subsidiary has assets of DM 1bn, but in the past has not been especially profitable, according to Herr Schut, having achieved peak earnings of around DM 1.5m net of tax. In 1980 it slumped into losses largely as a result of mismatching long-term fixed interest loans with floating rate financing.

Profitability last year improved substantially as mismatched loans matured or were sold and the bank is expecting a further substantial advance.

Special gains lift Goodrich earnings

By Our Financial Staff

B. F. GOODRICH Company, the fourth largest tyre maker and largest producer of polyvinyl chloride (pvc) in the U.S., increased its final quarter net profits, but only after inclusion of substantial non-trading gains.

Net earnings for the quarter were $32.4m compared with $22.7m, taking the annual total to $109.5m compared with $61.7m.

The quarter total included a $9.2m gain from the sale of assets, $27.4m from the sale of tax benefits and a further $6.6m from the liquidation of inventories. For the year there was also a total of $40m attributable to the sale of assets and an exchange of shares for outstanding debentures.

Sales for the latest quarter were down from $779.8m to $753.5m while the annual total was $3.2bn against $3.1bn. Per share profits totalled $5.55 compared with $3.57 after the final quarter chipped in $1.61 against $1.30.

The tyre division was the only area which increased its operating profit last year, with its contribution ahead from $64.6m to $79.3m. Sales were $1.35bn, up from $1.29bn.

Operating earnings from chemicals were down from $59.9m to $47.5m for the year on sales ahead from $1.02bn to $1.05bn. Operating profits from engineered products such as conveyor belts, adhesives and missile components were sharply down at $1.9m compared with $24.8m.

Capital spending by the group this year will be down from last year's $303m to about $200m.

Borg Warner pulls out of Fiat project

By Charles Batchelor in Amsterdam

BORG WARNER, the U.S. car components maker, has withdrawn from a joint project with Van Doorne Transmissie to develop a new automatic transmission system for use by Fiat. Van Doorne said it is now discussing with Fiat on what basis to continue the venture and whether a new partner can be found.

Both Van Doorne and Borg Warner refused to comment on the reasons for the decision to pull out. Van Doorne, an offshoot of the DAF automobile concern, has been working on the application of its "transmatic" system in small cars.

In 1978 Borg Warner and Fiat each put up Fl 14.4m ($5.5m) and acquired a 24 per cent stake in Van Doorne's share capital. Majority shareholder is the Van Doorne family with 39.5 per cent, while the Dutch Government has 12.5 per cent.

Schickedanz takeover in U.S. delayed

By Kevin Done in Frankfurt

THE PLANNED move by the Schickedanz group, Western Europe's largest mail order concern, into the U.S. with the acquisition of a 51 per cent share in Aldens, the fifth largest mail order house in the U.S., has been delayed by the "difficult and complex" nature of the negotiations.

The acquisition, which was to have cost Schickedanz more than $20m, was agreed in a letter of intent last autumn and was supposed to have been completed by the end of January.

Aldens, which had sales of around $300m in 1981, is part of the Wickes group, a widely diversified U.S. retailing concern. Schickedanz gave no indication of when the deal might be completed.

Like other major West German retailing groups Schickedanz has been hit lately by the decline in consumer spending and sales in its department stores were virtually unchanged at DM 3.67bn ($1.11bn) in 1981. However, mail order—some 70 per cent of total turnover—increased sales by 6.4 per cent to DM 6.34bn.

Profits surge at Hewlett Packard

By Our Financial Staff

HEWLETT-PACKARD, the Californian electronics company, has opened fiscal 1982 with a further upsurge in sales and profits. Net earnings for the first quarter are 16 per cent up from $63m or 52 cents a share to $73m or 59 cents a share, with sales 23 per cent ahead at $951m, against $775m. Moreover, the directors disclose that orders have pierced the $1bn barrier to stand at $1.07bn, compared with $931m a year ago.

For the whole of fiscal 1981, Hewlett took just under half its profits from sales of electronic measuring equipment and from electronic data products respectively. Profits rose 16 per cent, but the directors warn that sales and orders fell short of expectations in the final quarter.

SALARY CUTS PROPOSED

Harvester records loss of $297m

BY IAN HARGREAVES IN NEW YORK

INTERNATIONAL HARVESTER, the troubled Chicago farm machinery and truck maker, yesterday reported a first quarter loss from continuing operations greater than any it has made during the last two very difficult years.

The company said its loss was $297m in the quarter, the first quarter of its 1981-82 year, compared with $288m in the fourth quarter last year and $105m in the opening quarter of 1980-81.

These signs of a still worsening position at Harvester were accompanied by an announcement that the company would cut the pay and benefits of its corporate officers by 20 per cent and the salaries of all other white collar staff by 5 per cent.

It is evident from yesterday's figures that Harvester's recent debt restructuring and the benefits which this has had in stabilising the company's interest costs have been more than offset by the latest fall in demand for farm equipment and trucks.

Sales in the quarter just completed fell by almost one-third from $1.55bn to $1.04bn as the company curtailed production at numerous plants.

The company said its loss was greater than expected but that losses in the second quarter should be slightly lower.

Harvester continues to project a return to profitability in the second half of its fiscal year, assuming it said that markets do not get even worse. However, any profits in the second half will not be sufficient to offset first half losses. Sales would probably be lower this year than the $7bn of 1980-81.

Harvester also said it would try to "substantially unwind" the controversial stock ownership plans awarded to Mr Archie McCardell, Harvester's chairman and Mr Warren Hayford, the company's president.

These stock deals, among the most generous known in U.S. business, were granted to the two men on their joining Harvester from other companies, but have become the subject of heated criticism as Harvester's losses have mounted.

Under the terms of Mr McCardell's deal, Harvester's brief spell of rising profits in 1979 was considered sufficient to justify loaning him $1.8m to buy Harvester stock.

Harvester said these deals would now be terminated if this could be done without adverse economic impact on the company. Mr McCardell said recently that the complicated tax and legal arrangements surrounding the deals would mean that he personally would make more money without the plan than with it and that Harvester would lose money if it scrapped the plan.

The symbolic value of striking down these deals however is probably worth cash in the bank to Harvester as it struggles to persuade the United Autoworkers union to start negotiations on pay cuts.

Union leaders have given the request a frosty reception in part because they feel that management has not been forced to sacrifice.

Yesterday's announcement also said that management incentive compensation plans for fiscal 1982 would be cancelled and that in addition employees would have to pay part of their own medical insurance costs.

Marathon terms draw opposition

BY OUR NEW YORK STAFF

SHAREHOLDER opposition to the second leg of the U.S. Steel takeover of Marathon Oil took an important step forward yesterday when Dreyfus, a large New York investment company, said it would vote against the U.S. Steel deal at the Marathon shareholders meeting on March 11.

Mr Howard Stein, chairman of Dreyfus, said the second stage of the U.S. Steel offer, which would pay Marathon shareholders in U.S. Steel securities for Marathon stock was "unfairly forcing people to accept a lesser price."

Dreyfus owns 1.1 per cent of Marathon's 58.7m shares.

U.S. Steel already owns 51 per cent of Marathon as a result of a $125 per share, or $3.75bn, first leg of the offer, which was made in cash. For the remaining 28.7m shares U.S. Steel is offering a new issue of 12.5 per cent senior notes.

Because interest rates have risen since the coupon on these notes was fixed, their real value has declined, and some investors now fear that they will end up receiving notes worth as little as $75 per share, against the $125 cash in the first part of the deal. The U.S. Steel notes carry a face value of $100 each.

It is normal in two-stage cash and securities takeover bids to try to get away with a lower value for the second stage of the offer. Indeed, this is one lever the bidder uses to persuade shareholders to tender shares early in order to get into the first-come-first-served cash portion of a deal.

But some Marathon shareholders feel that in this case U.S. Steel should volunteer to improve the terms on the grounds of fairness. U.S. Steel has so far refused, resulting in the attempt to overturn the deal at the meeting.

U.S. Steel, however, still has most of the cards in its own hand. As owner of 51 per cent of Marathon, it only needs an additional 9.1m shares to vote in its favour to push the deal through. The dissidents will need 19.7m no votes or abstentions.

Another problem for the dissidents is that, if they win, U.S. Steel will still be in control of Marathon and will be able, at its leisure, to amass more Marathon stock in the open market. As Marathon shares have been trading this week at a little more than $73, U.S. Steel's position is further strengthened.

That Marathon recently concluded that the real value of its assets was between $276 per share and $323 per share appears unlikely to persuade U.S. Steel to volunteer a more generous offer.

Zanussi and Indesit plan TV venture

By James Buxton in Rome

AN IMPORTANT step has been taken to restructure the crisis-ridden Italian colour television industry with the decision by Zanussi and Indesit to set up a single joint venture company.

The agreement, between the two historic rivals of the Italian home electrical and electronic products industry, should help end more than a year of uncertainty over the future of the television industry. But it is too early to say whether it will lead to a revival of Italian colour television manufacturing.

Italian manufacturers are thought to have only about 15 per cent of the domestic colour television market, of which 8.5 per cent is claimed by Zanussi. The market is dominated by Philips of Holland and Grundig of West Germany.

Indesit, which was primarily a producer of home electrical products (white goods) rather than electronic products (brown goods) went into controlled administration, a form of receivership, in November 1980.

Indesit's three colour television plants will be transferred to the new joint venture in which a state holding company, GEPI, may also be involved. The agreement between Zanussi and Indesit does not cover any other products.

Whether the new company can revive the currently idle Indesit plants remains to be seen. One issue to be decided is how Parliament will allocate some L240bn ($188m) of state funds earmarked for the domestic electronic industry.

Newspaper losses hit Charter

BY OUR FINANCIAL STAFF

NET EARNINGS for 1981 at Charter, the Florida-based petroleum refiner, were badly hit by write-offs in the group's newspaper and radio divisions. Total net for the year fell from $50.2m to $7.7m or 6 cents a share, after losses on discontinued operations of $48.2m. Revenues, chiefly made up of petroleum sales in international and domestic markets, edged forward from $4.42bn to $4.97bn.

Of the total write-offs, $23.4m related to the closure of the Dayton Press, and $11.7m on the closure a month ago of the Philadelphia Bulletin. The remaining write-offs were on losses at discontinued operations and at Charter's seven radio stations.

In the final quarter, when net profits were also hit by losses on discontinued businesses, operating earnings slipped from $26.3m to $18.2m or 59 cents a share, although sales held up well at $1.31bn against $1.24bn.

Charter is now well forward with its programme of disposal of assets considered ill-suited to its long-term plans, and depends for its profits largely on its petroleum sales in the U.S. and abroad.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday March 16. Closing prices on February 18

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
...heuser-Busch 16¼ 88	100	102	102½	+0½	−0¼	15.87
...S Fin. Co. 17¼ 86	60	103¼	104¼	+0¼	−0¼	15.59
...nco O/S Fin. 16⅞ 88	60	100½	100⅞	+0½	−0½	16.38
...k Montreal 16¼ 87	150	99⅞	100⅜	+0½	0	16.23
Colum. Hyd. 16⅞ 88	100	100¾	101¼	+0¼	−0½	15.38
Colum. Mta. 17 87	54	102½	103½	+0¼	0	16.24
...n. Nat. Roll 14¾ 91	100	93	93½	+0½	−0½	16.10
...terollar Fin. 16¾ 86	100	102	102½	+0½	−0¼	15.71
...ISP 16⅛ 88	100	100	100½	0	−0¼	16.43
...IC 16½ 91	100	101	101½	+0¼	−0¼	16.42
...corp O/S Fin. 16⅞ 86	180	102¼	103	+0¼	+0¼	15.99
...ec Service 17 88	150	102	102½	+0¼	+0¼	16.21
...ns.-Bathurst 17¼ 88	60	102	102½	+0¼	−0½	16.85
...Fin. 16⅛ 86	400	98½	99	+0¼	−0¼	15.73
...oont O/S 14⅞ 88	400	96⅝	97	+0¼	+0¼	15.26
...I 16¾ 86	100	100⅞	101¼	+0¼	+0½	16.58
...I 16½ 91	100	100½	101½	+0¼	−0¼	16.51
...AC O/S Fin. 16¾ 84	300	101⅛	101⅜	0	−0¼	16.07
...il Status O/S 17¼ 88	60	103½	104½	+0½	+0½	16.00
...an Airlines 15¾ 88	50	93½	93½	+0¼	−0¼	16.93
...t. Bk. Canada 16¼ 88	40	99⅞	100	+0¼	−0⅛	17.26
...l. West 16¾ 91	100	98⅝	99	+0¼	−0⅛	15.67
...w Brunswick 17 88	50	102½	103	+0¼	−0⅛	16.81
...wfoundland 17¾ 89	50	104¾	105¼	+0¼	+0¼	15.75
...t Lab. Hy. 17¾ 88	75	104½	105	+0¼	−0¼	16.36
...d Edison Fin. 17⅞ 88	75	103¾	104	+0¼	−0¼	16.49
...G 15⅜ 87	100	97	97½	+0¼	−0¼	16.13
...tario Hyd. 16 91 (N)	200	100	100½	+0¼	−0¼	15.93
...Gas & El. 15⅜ 89	100	99½	99⅞	+0¼	−0¼	15.98
...ebec Hydro 17¾ 91	150	105½	106	+0¼	−0¼	16.31
...ebec Prov. 15⅜ 89	150	94¼	95	+0¼	−0¼	16.42
...skatchewan 16¾ 86	100	100¾	101½	+0¼	0	15.97
...atoil 15¾ 87	75	98	98½	+0¼	−0¼	16.42
...eden 14⅞ 88	160	92¾	93½	0	0	16.39
...ed. Ex. Cred. 16⅛ 88	75	100½	100⅞	+0½	−0½	16.02
...nesco Int. 17 89	75	101	101½	+0¼	−0⅛	16.76
...exas Eastern 15¾ 88	75	98½	99¼	+0¼	−0¼	16.12
...xas Eastern 17 89	75	100¾	101¼	+0¼	−0¼	16.38
...ansCanada 16½ 89	75	97⅛	98¼	+0¼	−0¼	16.43
...ah Disney 15⅝ 86	100	101½	102	+0¼	−0¼	15.11
...rldBank 16⅛ 91	100	101½	102½	+0¼	−0¼	16.34
...MC Fin. 15⅞ 88	50	94	95	+0¼	+0½	16.41
...rld Bank 16 86	500	99⅞	100½	+0¼	−0¼	16.03
...rld Bank 16⅜ 86	130	102⅜	103½	−0¼	−0¼	16.65
...rld Bank 16¾ 88	100	101⅞	102	0	−0¼	15.98
Average price changes...				on day +0¼	on week 0	

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
...stralia 9¾ 91	200	98⅛	98¾	−0¼	+0¼	9.83
...toleuropa 11 91	100	104½	105¼	−0¼	+0¼	10.02
CA 10 91	120	99⅞	100¼	0	+0¼	10.00
...un. of Europe 10 91	100	99⅞	100½	−0¼	+0¼	10.01
...un. of Europe 10⅝ 91	100	102½	103	−0¼	+0½	10.10
C 10⅞ 93	100	101⅜	102¼	0	−0¼	10.06
I 10⅛ 91	100	100½	101	0	−0¼	10.05
...B 9¾ 91	200	99	99⅞	0	0	9.93
...land. Rep. of 10⅞ 86	100	100½	101⅛	0	−0¼	10.19
...er-American 10 91	100	99½	100	−0¼	+0¼	10.06
...er-American 10⅜ 91	100	102¼	102¾	−0¼	−0¼	10.17
...land 10⅛ 86	100	102⅝	103⅛	−0¼	0	10.09
...roco 10¼ 91	100	102⅝	103⅛	−0¼	−0¼	10.05
...dland Int. Fin. 8½ 90	180	93⅜	93⅞	−0¼	+0½	9.81
...Oecd 10 91	100	99⅞	100⅜	0	−0¼	10.08
...Tech. Fin. 10⅝ 89	180	100½	101	−0¼	−0¼	10.50
...l. West 9⅝ 92	100	98½	98⅞	0	−0¼	9.91
...w Zealand 9⅝ 88	200	98	98½	0	0	10.33
...3 9¾ 91	150	99½	100	0	−0¼	9.83
...Komrolbk. 9¾ 86	150	98⅞	99¼	−0¼	−0¼	10.06
...ebec Hydro 10¾ 91	150	101⅛	101¼	0	+0⅛	10.54
...ed. Ex. Cred. 10⅝ 91	100	102¾	103¼	−0¼	−0¼	10.33
...nezuela 11⅛ 91	150	100¾	100⅞	−0¼	−0¼	10.96
Average price changes				on day −0¼	on week −0¼	

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
...sair Transport 7⅞ 92	50	99⅝	100	0	−1	7.52
...ian Dev. Bank 8 90	80	100⅝	100⅞	+0¼	+0¼	7.89
...strelia 6⅞ 93	100	99⅛	100⅜	−0¼	−0¼	6.97
...clectric 7⅜ 91	50	98	98⅝	−0¼	−0¼	7.55
...f Canada 7⅜ 93	100	102	102⅜	+0¼	−0¼	6.97
...B 6⅝ 92	100	98¼	98⅞	0	−0¼	6.73
...t. Dnmk. 10¼ 91	100	100	100½	+0½	+1	6.22
...da Autopistas 8 90	60	98⅞	99⅞	−0¼	−0¼	8.13
...nmark 7⅝ 91	100	98⅛	97	+0¼	+0¼	8.62
...ro Petroleum 7⅝ 90	100	98½	99	−0¼	−0¼	7.73
...7⅞ 92	100	100	100⅛	−0¼	−0¼	7.56
...tt. de France 7 92	100	97⅞	98	−0	−0¼	7.28
...EI 6⅝ 93	100	97⅝	97¾	+0¼	−0½	6.94
...atar 7 91	100	97¾	98⅛	+0¼	−0¼	7.39
...I 6⅝ 91	100	101⅞	102⅛	−0¼	−1¼	6.37
...Elsam 6⅛ 91	100	97⅛	98	−0	0	6.46
...pan Air Lines 7⅛ 91	100	101⅜	102	−0¼	−1¼	8.95
...der. Gasunie 8 91	100	104⅝	104⅞	−0¼	+0¼	7.36
...agoa Y. and Tr. 6⅛ 91	100	100⅜	100⅝	−0¼	+0¼	7.26
...B 7⅝ 91	100	98⅛	98⅜	−0⅛	−0¼	7.45
...lo. City of 8 91	100	102⅛	102⅛	0	−0¼	7.67
...t. Onnakraft 7 92	50	98⅞	97	−0¼	+0¼	7.27
...at Ellanno 6⅝ 91	20	104⅛	106⅜	0	0	7.83
...ed. Ex. Credit 7⅝ 91	75	108	98⅜	−0¼	0	7.36
...T O/S Fin. 8 91	100	98⅛	98⅜	+0⅛	0	8.32
...ansCanada Pipe. 7 94	100	100⅛	101	−0¼	−0¼	8.89
...llover NV 7⅞ 93	100	97⅛	98	+0¼	−0¼	7.03
...rld Bank 7 91	100	98⅞	98½	+0	−0½	7.17
...rld Bank 8 91	100	102⅛	103⅛	−0¼	−0¼	7.54
Average price changes				on day 0	on week −0¼	

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
...ian Dev. Bk. 8⅝ 91	15	98⅞	99⅝	0	+0¼	8.35
...ustralia 6⅞ 88	20	98⅞	99¼	0	+0⅛	8.42
...3 7⅞ 89	10	100¼	101	+0⅛	+0¼	7.67
...land. Rep. of 8⅛ 87	15	98⅞	99⅛	+0⅛	+0¼	8.42
...Amor. Dev. 8⅞ 91	15	101⅛	102⅛	+0¼	−0¼	8.45
...w Zealand 8⅛ 87	15	98⅞	99⅜	+0⅛	+0¼	8.38
Average price changes...				on day 0	on week +0¼	

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
...n. Utilities 17 90 C$	50	198⅛	97¼	+0⅛	−0½	17.52
...teral Dev. 17⅜ 86 C$	40	†101	102	0	−0½	17.10
...IAC (Can.) 18 87 C$	40	†100	101	−0¼	−1¼	16.82
...Canadian 15⅞ 88 C$	65	†98⅜	98⅝	−0¼	−0¼	17.37
...tb. Urban 16⅝ 86 C$	20	†100	101	0	−0¼	16.71
...oyal 17⅝ 86 C$	20	†100⅛	100⅝	−0⅛	−0⅛	17.03
...lo. Cens. 17½ 88 C$	40	†98⅜	99⅞	+0⅛	−1	17.71
...k. Dnmk. 9 01 EUA	25	85⅜	87⅝	0	0	11.34

OTHER STRAIGHTS (continued)	Issued	Bid	Offer	Change on day	Change on week	Yield
SOFTE 8¾ 89 EUA	40	77⅜	79	−0	+0⅛	13.07
U. Bk. Nwy. 9½ 90 EUA	18	91⅞	92⅜	0	0	11.02
Algemene Bk. 10⅛ 86 Fl	60	97⅝	98⅝	0	+0⅛	10.82
Amfas Group 12⅝ 86 Fl	40	102⅝	103⅝	0	+0⅛	11.36
Amro Bank 12 86 Fl	75	101⅝	102⅞	+0⅛	+0¼	11.21
Amro Bank 12.86 Fl	100	101⅝	102⅛	0	+0⅛	11.30
Heineken NV 10.87 Fl	100	98	98⅝	+0⅛	−0⅛	10.02
Pierson 10⅛ 86 Fl	50	97⅝	97⅞	0	+0⅛	11.00
Rabobank 12 86 Fl	100	101⅞	102⅜	+0⅛	+0⅛	11.31
Air France 14⅛ 86 FFr	400	96⅞	97⅞	−0⅛	+0⅛	15.39
Bk. America 14⅛ 86 FFr	250	94⅝	95⅝	0	+0⅛	15.30
Charb'nages 13⅞ 85 FFr	400	95⅞	96⅞	0	+0⅛	15.42
EIB 14⅜ 88 FFr	200	97⅛	97⅞	−0⅛	+0⅛	14.92
La Redoute 14⅝ 85 FFr	125	92	93	0	−0⅛	17.14
OKB 14 88 FFr	400	93⅞	94⅞	−0⅛	−0⅛	16.03
Solvay et C. 14⅞ 86 FFr	100	95⅞	96⅞	+0⅛	+1⅛	16.01
Swed. E. Cr. 14⅞ 86 FFr	250	94⅞	95⅞	0	+1⅛	16.28
U. Mex. Sta. 14 85 FFr	150	93⅞	96⅛	0	0	16.91
Acona 14 85 £	20	91⅝	92⅝	0	0	17.01
Beneficial 14⅞ 90 £	20	91⅜	92⅞	0	+0⅛	17.50
BNP 13⅞ 91 £	15	86	87	0	+0⅛	16.47
CECA 13⅞ 88 £	20	93⅞	94⅞	0	−0⅛	16.09
Citicorp O/S 13⅞ 90 £	50	90⅞	91⅞	0	+0⅛	15.63
Fin. Ex. Cred. 13⅞ 86 £	15	89	91⅝	0	−0⅛	16.85
Gen. Elec. Co. 12⅞ 89 £	50	85⅞	86⅝	0	0	15.85
Hiram Walker 14⅞ 86 £	25	93⅝	94⅞	+0⅛	0	16.18
Privatbanken 14⅞ 86 £	12	92⅞	93⅞	0	0	17.22
J. Rothschild 14⅞ 90 £	12	93⅝	93⅝	0	−0⅛	16.69
Royal Trustco 14 86 £	12	92⅞	93⅝	0	−0⅛	16.86
Swed. Ex. Cr. 13⅞ 86 £	20	91⅞	92⅝	0	+0⅛	16.44
Akzo 9⅞ 87 LuxFr	500	97⅞	98⅞	0	+0⅛	12.21
Eurotom 9⅞ 88 LuxFr	500	93⅞	94⅞	0	0	12.52
Eurofima 10⅞ 87 LuxFr	500	97⅞	98⅞	0	0	12.24
EIB 9⅞ 88 LuxFr	600	92⅞	93⅞	−0⅛	0	12.38
Volvo 9⅞ 87 LuxFr	500	97⅞	98⅞	−0⅛	+0⅛	12.75

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5⅝ 90	0⅛	98⅛	98⅝	18/6	14⅜	14.36
Bank of Montreal 5⅝ 91	0⅛	98⅝	99⅛	29/4	17.06	17.15
Bank of Tokyo 5⅝ 91	0⅛	99⅛	100⅛	10/6	13⅝	13.27
Bk. Nova Scotia 5⅝ 93	0⅛	99⅞	100⅜	29/4	17.06	17.13
BBL Int. 5 89	0⅛	99⅞	99⅞	20/6	13	13.58
BFCE 5⅜ 88	0⅛	99⅜	100	26/5	16.56	16.59
BFCE 5⅝ 87	0⅛	99⅞	100	27/7	15⅛	15.28
Christiania Bk. 5⅝ 91	0⅛	99	99⅞	6/5	17	17.01
Co-Gen Euro Fin 5⅝ 91	0⅛	98⅞	99⅞	14/6	15.69	15.80
Den Norske Cred. 5⅝ 93	0⅛	97⅜	97⅞	4/6	13.56	13.93
Genfinance 5⅝ 92	0⅛	99⅜	99⅞	30/5	15⅞	15.88
Giro und Bank 5⅝ 91	0⅛	98⅞	99⅞	23/3	14.06	14.12
GZB 5⅝ 92	0⅛	98⅞	99⅝	5/3	13⅝	13.54
Ind. Bank Japan 5⅝ 88	0⅛	99⅞	99⅞	24/5	13.31	13.60
Lloyds Eurofin 5⅝ 93	0⅛	98⅞	99⅞	29/4	17.13	17.22
LTCB Japan 5⅝ 89	0⅛	98⅞	99⅞	16/7	15.31	15.45
Midland Int. Fin. 5 91	0⅛	99⅞	100⅜	20/4	17.06	17.11
National Fin. 5⅝ 88	0⅛	100⅛	97⅛	23/3	17.31	17.95
Nat. Bk. Canada 5⅝ 88	0⅛	99⅞	98⅞	24/3	17.31	17.53
Nat. West. Fin. 5⅞ 91	0⅛	98⅝	99⅛	15/7	15.19	15.34
Nat. West. Fin. 5⅞ 92	0⅛	99⅞	99⅞	23/4	17	17.06
Nordic Int. Fin. 5⅝ 91	0⅛	99⅞	99⅞	6/5	15⅛	15.98
Offshore Mining 5⅝ 91	0⅛	98⅞	99⅞	2/6	13	13.21
Pemex 5 81	0⅛	98⅞	97⅞	8/4	17	17.60
PKbanken 5 81	0⅛	99⅞	99⅞	14/6	15.69	15.82
Sanwa Int. Fin. 5⅝ 88	0⅛	100⅞	100	24/3	17⅛	17.22
Scotland Int. 5⅝ 92	0⅛	98⅞	99⅞	28/3	13.56	14.12
Sec. Pacific 5⅝ 91	0⅛	98⅞	99⅞	24/5	13⅛	13.80
Societe Generale 5⅝ 91	0⅛	99	99⅞	22/7	15⅞	15.91
Standard Chart. 5⅝ 91	0⅛	99⅞	99⅞	13/5	13.31	13.37
Sumitomo Fin. 5⅝ 88	0⅛	99⅞	99⅞	8/8	18	16.08
Average price changes...				On day 0	on week 0	

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5½ 96	7/81	933	95⅞	97⅞	+0⅛	6.11
Bow Valley Inv. 8 95	4/81	22.12	85⅞	87	0	20.37
Canon 6⅞ 95	1/81	829	105⅞	108⅞	+2⅛	0.56
Daiwa Sec. 6⅞ 95	12/81	513.3	172	174	−1	−3.14
Fujitsu Fanuc 4½ 96	10/81	6770	101⅛	103⅞	−0⅛	10.10
Furukawa Elec. 5⅞ 96	7/81	300	113	114	+1	−0.40
Hanson O/S Fin. 9⅞ 95	8/80	2.74	103	103	0	32.67
Hitachi Cable 5⅛ 96	2/82	515	103⅞	104⅞	+1⅞	2.65
Hitachi Cred. Cpn. 5 96	7/81	1173	78⅞	80⅞	+0⅛	0.98
Inchcape 8 95	2/81	4.05	151⅝	63	+0⅛	25.32
Kawasaki 5⅞ 96	8/81	229	70⅞	71⅞	+1⅞	1.02
Marui 6 96	7/81	1032	101⅞	102⅞	+0⅛	4.92
Matsushita El. 7 95	4/81	1161	98⅞	100⅞	+1	4.01
Minolta Camera 5 96	10/81	800	70	71⅞	+1⅞	10.97
Minolta 5⅞ 96	6/82	8.16	94⅞	95⅞	+0⅛	8.57
Murata 5⅞ 96	7/81	2190	71⅞	73	+0⅛	29.62
NKK 5⅞ 96	7/81	188	84⅞	85⅞	0	−12.00
Nippon Chemi-C. 5 91	10/81	919	72	74	0	7.91
Nippon Electric 5⅞ 97	2/82	886	101	102	+1⅞	6.21
Orient Finance 5⅞ 97	2/82	1097	98⅞	99⅞	−0⅛	7.82
Sanyo Electric 5 96	10/81	652	75	76	−1⅞	4.60
Sumitomo Ele. 5⅞ 96	10/81	305	70⅞	71⅞	−1⅞	2.33
Swiss Bk. Cpn. 6⅞ 90	9/80	191	71	73	+0⅛	22.13
Taylor Woodrow 8⅛ 90	1/81	4.54	125	126	0	−4.13
Konishiroku 6 90 DM	2/82	566	106	107	+2⅞	6.61
Mitsubishi H. 6 89 DM	2/82	263	97⅞	98⅝	0	6.73

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Hoogovens seeks further Fl 650m in state aid

BY CHARLES BATCHELOR IN AMSTERDAM

HOOGOVENS, the Dutch arm of the Estel steel group, will need a further Fl 650m ($247m) of state aid over the next four years to survive the split with its West German partner, Hoesch.

This would bring total aid to Fl 1bn since Hoogovens first sought government support in 1980.

No application has yet been made for aid and the total amount needed will depend on the extent of the losses Hoogovens assumes from the break-up of the Estel group, the company said. But considerable sums would be needed both to meet Hoogoven's share of the 1980-81 losses and to finance capital spending.

Hoogovens has concentrated on producing steel and semi-finished rolled products in recent years while much of the processing has been left to Hoesch. Hoogovens will now have to broaden its own product range to retain markets.

Hoesch and the West German Krupp group are at present negotiating the creation of a new steel company to be called Ruhrstahl. The German plans, which have been backed by the Bonn Government, will mean the end of the ten-year old Estel concern.

Hoogovens would prefer the extra aid to take the form of subordinated loans, which count as own assets on the balance sheet, but the unions want the Government to increase its direct shareholding. Hoogovens is at present 28.5 per cent owned by the Dutch Government while the city of Amsterdam has 8.5 per cent. The remaining 63 per cent is traded on the Amsterdam stock exchange.

A conflict between the Dutch and German parts of Estel is threatened by one aspect of the agreement in principle which Hoesch and Krupp have reached, the Dutch company said. The agreement states that Ruhrstahl must not be burdened with the costs of the Estel divorce.

Hoogovens is equally determined that no break-up will take place until it is satisfied with the financial arrangement. It has hinted that it is not prepared to cover half of Estel's losses of the past two years since most were incurred in Germany.

Danish bank pays more and plans rights

By Hilary Barnes in Copenhagen

DANSKE BANK proposes an increase in dividend from 14 to 15 per cent for 1981 and plans to raise DKr 116m ($15m) through a one-for-eight rights issue.

Operating profit increased by DKr 76m to DKr 548m, while net profits increased from DKr 309m to DKr 366m despite an increase in provisions for bad debts from DKr 260m to DKr 365m.

Mr Tage Andersen, chief executive, said that a substantial increase in earnings from international business had contributed to the result. About 25 per cent of earnings now come from the international side which is expected to continue to expand in 1982.

Higher 1981 earnings expected at Mannesmann

BY JAMES BUCHAN IN BONN

MANNESMANN, the West German steel pipes and engineering concern, expects 1981 earnings to be above the DM 140m ($58m) of 1980. The company said it would pay a dividend at least as high as its DM 5.5 per share of 1980.

According to a preliminary review yesterday of 1981, sales rose by 18 per cent to DM 15.5bn. Sales by domestic companies rose by 18 per cent to DM 12.3bn helped by exports, which accounted for 60 per cent of turnover, against 56 per cent in 1980. Sales by foreign subsidiaries rose by 32 per cent to DM 4.8bn.

The company said the higher earnings were almost entirely attributable to a stronger performance by the pipes and trading divisions. Mannesmann has been a major recipient of orders to provide steel pipes for the new Soviet gas pipeline to Europe. The company said sales in the pipe division were up by more than 25 per cent, and in the trading division by 27 per cent.

Hartmann und Braun, the instruments concern acquired in 1980, also improved earnings in 1981. However, the Brazilian subsidiary had only managed to maintain results.

Spanish steelmaker calls in receiver

By Robert Graham in Madrid

A LEADING Spanish special steels producer, Aceros de Llodio, in which Creusot-Loire of France has a minority stake, has gone into temporary receivership.

This move could complicate the role of the special steels holding company, Acerìales, which is attempting to restructure the seven major companies in the industry.

Temporary receivership is a device often used by industrial concerns to rearrange debts with banks and suppliers. Aceros de Llodios total debt is Pta 5.7bn ($27m). It produces 110,000 tonnes of special steels a year.

Acerìales was formed jointly by the seven major special steel companies which control 85 per cent of the sector, the Spanish Government and the Basque Government. Most of the companies are located in the Basque country.

The main problem with the Spanish steel industry has been over-ambitious capital spending coinciding with high interest rates and a drastic drop in demand, both in home and foreign markets.

Aceros de Llodio had losses last year of around Pta 800m. Reduced demand has meant that 1,162 of its 1,696 workforce are at present laid-off.

Until now Acerìales has disbursed Pta 3bn to aid the seven companies. But the bulk of this has been absorbed by one company, Echevarria.

Setback for Elf at nine months

By Our Financial Staff

ELF-AQUITAINE, the French state-controlled oil company, reports net consolidated earnings for the first nine months of 1981 of FFr 2.25bn ($375m), down from FFr 4.29bn in the same 1980 period. Sales rose to FFr 77.85bn from FFr 54.25bn.

Lufthansa sees small profit

BY OUR BONN STAFF

LUFTHANSA, the West German state-owned airline, expects to show a small profit for 1981 despite losses of more than DM 100m ($41.6m) on flight operations. In 1980, its profits fell sharply to DM 5.5m after losses in flight operations of DM 115m.

In an interim report on 1981, the airline said it had achieved a "positive result" despite investments of DM 1.1bn and steeper write-offs than in 1980. Earnings had picked up in the second half of the year but the main contributions came from cutting routes and sales of aircraft.

The moves helped to improve passenger capacity use marginally to 59.5 per cent despite a slight drop in the number of passengers to 13.9m fares were raised by 5 per cent in September, and the airline said further increases were unavoidable.

Bank Bumiputra funding

BANK BUMIPUTRA, Malaysia's biggest bank, is to increase its paid up capital from 272m ringgit ($116.74m) to 475m ringgit to strengthen its position "in conformity with the highest standard of banking prudence," according to Senator Kamarul Ariffin, the chairman. He was speaking in Singapore at the signing of a US$ 40m floating rate certificate of deposit issue floated by the bank in the Asian dollar market, AP-DJ reports.

Berlingske fails to raise capital

THE BERLINGSKE publishing house, which publishes two of Copenhagen's leading newspapers has failed in its attempts to raise DKr 120m ($8.3m) of new capital, writes Our Copenhagen Correspondent.

The group has been plagued by conflicts with printing staff and in 1976 a dispute caused the paper to be closed for six months. The group's equity capital is understood to have shrunk to about DKr 6m.

Danish business interests which have been asked to subscribe new capital are said to object to the fact that about DKr 40m of the DKr 120m the house is trying to raise would go in redundancy payments.

Cobepa shows advance

By Our Financial Staff

COBEPA, the Belgian holding company, which is part of the consortium that plans to take control of one-third of Groupe Bruxelles Lambert, increased profits by 12 per cent to BFr 394.3m ($7.6m) for 1981. The company will propose a dividend of BFr 82 a share, compared with BFr 77 in 1980.

Last month Cobepa, along with other holding companies pledged to buy 2m new Groupe Lambert shares at a total cost of BFr 2.6bn.

Groupe Lambert said yesterday it was reasonably optimistic about the outlook for 1982. In 1981 the group ran into losses and was forced to omit its dividend.

Mr Leon Lambert, the president welcomed the new shareholders. He hoped the injection of new capital would "wipe out our BFr 1.4bn of debts."

Swedish paper group lifts income and payout

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

PAPYRUS, the Swedish pulp, paper and timber group, reports a 1981 pre-tax profit of SKr 191.8m ($33.4m), ahead by a little more than 10 per cent from the previous year. Sales climbed by 7.7 per cent to SKr 2.53bn ($439m).

The board proposes to raise the shareholders' dividend by SKr 2 to SKr 10 a share for a total payment of SKr 59m. This is the second year running that the dividend has been raised by SKr 2 a share.

At the eight-month stage, Papyrus reported a SKr 11m drop in earnings to SKr 59m and blamed high material costs for the setback. Changes in exchange rates are stated to have improved results during the latter part of the year.

An extraordinary income of SKr 404m was realised from the sale of plant, raising the pre-tax figure before allocations to SKr 586m from SKr 281m in 1980. During the year Papyrus sold its hydroelectric power stations to Sydkraft, the southern Swedish power utility, for SKr 450m.

Capital spending during the year amounted to SKr 123m, exactly the same as in the previous year. Kopparfors, a subsidiary of Papyrus, is at present investing, together with Feldmühle of West Germany, in the modernisation of the Norrsundet mill, where capacity is being raised to 240,000 tons of bleached sulphate pulp a year.

● Bikuben, the savings bank which is the fifth largest private bank in Denmark, reports net earnings for 1981 down from DKr 105m to DKr 75m ($7.3m), largely as a result of increased provisions for bad debts which totalled DKr 214m, against DKr 137m, writes Our Copenhagen Correspondent.

Flat earnings at Canon despite increased sales

BY YOKO SHIBATA IN TOKYO

CANON, Japan's largest camera maker has reported flat earnings for 1981, despite stronger turnover supported by sales of plain paper copiers and Japanese language word processors.

Canon's full year unconsolidated operating profits rose by only 0.9 per cent to Y26bn ($110m). Full year net profits were 6.9 per cent higher at Y15.75m, on sales of Y282bn, up 17.2 per cent over the previous fiscal year.

Per share profits slid to Y50.34, from Y53.79 in the previous year, but because of the favourable sales outlook for copiers and automated office products in the current year Canon raised the final dividend by Y1 for a higher annual total of Y12.

Camera sales, accounting for 51 per cent of the total turnover, rose by 18 per cent, because of strong U.S. and domestic sales, which compensated for sluggish sales in Europe. Sales of office equipment, accounting for 41 per cent of the total turnover, rose by 14 per cent, helped by strong sales of plain paper copiers, which were up by 25 per cent.

Exports of plain paper copiers to the U.S. rose by 50 per cent over the previous year.

Sales of the optical products division rose by 30 per cent to account for 8 per cent of the total turnover, boosted by sales of mask aligner products used for the production of semi-conductors.

Overall exports rose by 19 per cent to account for 74 per cent of the total turnover. Domestic sales gained 12 per cent over the previous year.

In the current year to December buoyant sales of office machinery — including plain paper copiers—are expected. However, Canon is cautious because of overseas factors, including exchange rates.

On the assumption that the yen exchange rate stays at Y210 to the dollar (Y221 in 1981), operating costs are forecast to reach Y260bn, down 0.1 per cent, on sales up by 13.4 per cent to Y320bn.

To help finance its Y35bn of capital spending, the company plans to raise Y50bn to Y60bn in the domestic and overseas capital markets. An issue of 30m shares will form part of the capital raisings.

Anglo-Alpha tops budget

By Jim Jones in Johannesburg

ANGLO-ALPHA, the South African group with interests in cement, lime, aggregates, and industrial minerals in which the Swiss company Holderbank has a 38.8 per cent interest, has exceeded its budgeted profit growth in 1981. Operating profit increased by 22 per cent to R62 ($63m) from R50.9m in 1980.

Turnover was 26 per cent higher at R237.9m against R188.8m the previous year.

A total dividend of 36 cents has been declared from earnings of 90.4 cents calculated on a current cost basis. In 1980 earnings were 70.8 cents a share and the total dividend 27 cents.

Bank of Bahrain and Kuwait ahead by 73%

BY MARY FRINGS IN BAHRAIN

THE BANK of Bahrain and Kuwait (BBK) celebrated its fifth anniversary with a 73 per cent increase in net income. The 1981 figure was BD 6.7m ($17.8m) compared with BD 3.6m the previous year.

On the basis of its consolidated balance sheet BBK is the biggest commercial bank in Bahrain, with assets at the end of last year of BD 684m ($1.7bn), up 48 per cent on 1980. Apart from its head office and 11 domestic branches, the bank has an offshore banking unit in Bahrain, which is estimated to have made a 20 per cent contribution profit, and a commercial branch in Kuwait. Also included in the profit is BD 323,000 from the bank's affiliate in Oman.

Growth in deposits was almost twice the rate of increase in lending, giving a healthier loans to deposit ratio than last year. Customer deposits rose from BD 177m to BD 303m and loans and advances from BD 238m to BD 329m.

Directors have recommended payment of a 10 per cent dividend together with a one-for-three scrip issue. They also plan a one-for-40 rights issue at a price of BD 6 per share. The share issues will raise paid up nominal capital of BD 1 par value shares from BD 13m to BD 20.6m, and shareholders' equity to BD 65.5m.

Acquisition boosts profits at Monier

By Graeme Johnson in Sydney

MONIER, the Australian concrete pipe and housing materials group, lifted net earnings 12 per cent in the December half year from A$7.75m (U.S.$8.4m) to A$8.66m, helped by the contribution of Rocla Industries. Sales were up by 27 per cent from A$166.36m to A$212.03m.

Monier launched a A$42m takeover bid for Rocla last year and already substantial benefits are flowing from the acquisition. Redland (UK) has a large minority share in Monier.

Directors said market conditions were made difficult by higher interest rates, depressed conditions in the domestic housing industry and a difficult economic climate in the U.S. Monier's interest bill jumped from A$3.38m to A$5.62m, which cut profits. Tax provisions also rose, from A$5.57m to A$6.84m. Depreciation rose from A$5.84m to A$7.69m.

The interim dividend has been held at 5 cents a share, covered by earnings of 7 cents. Earnings were diluted from 10.4 cents through shares issued in the Rocla takeover.

● Union Carbide Australia and New Zealand suffered a 34 per cent earnings downturn in 1981 because of import competition.

Although profits fell from A$10.9m (U.S.$11.85m) to A$7.2m, directors have held the annual dividend at 16 cents a share after declaring a final of 8 cents.

The result does not compare favourably with last year's 22.6 per cent profit rise to a record A$10.9m. The static dividend also breaks a four-year run of successively higher payments for the U.S.-controlled group. Earnings per share were 29.2 cents compared with 44.6 cents.

The earnings slide followed a 3 per cent lift in turnover from A$209.6m to A$215.9m (U.S.$235m).

NORTH AMERICAN QUARTERLY RESULTS

AMPCO PITTSBURGH	1981	1980
Fourth quarter	$	$
Revenue	100.94m	79.63m
Net profits	1.79m	3.45m
Net per share	0.46	0.90
Year		
Revenue	483.3m	430.7m
Net profits	12.24m	15.08m
Net per share	3.18	3.92

BALLY MANUFACTURING	1981	1980
Fourth quarter	$	$
Revenue	217.4m	185.4m
Net profits	18.3m	14.0m
Net per share	0.88	0.52
Year		
Revenue	884.9m	693.2m
Net profits	81.7m	52.8m
Net per share	3.03	1.97

CNA FINANCIAL	1981	1980
Fourth quarter	$	$
Net profits*	42.8m	31.0m
Net per share*	0.84	0.59
Year		
Revenue	3.13bn	2.97bn
Net profits*	126.4m	140.5m
Net per share*	2.42	2.71

* Operating

CANADIAN GE	1981	1980
Fourth quarter	C$	C$
Revenue	574.0m	438.5m
Net profits	23.5m	18.7m
Net per share	2.88	2.05
Year		
Revenue	1.7bn	1.47bn
Net profits	51.1m	44.8m
Net per share	6.25	5.49

CHESEBROUGH-POND'S	1981	1980
Fourth quarter	$	$
Revenue	374.3m	348.4m
Net profits	20.5m	13.0m
Net per share	0.63	0.59
Year		
Revenue	1.53bn	1.38bn
Net profits	114.8m	100 2m
Net per share	3.52	3.10

EMERY AIR FREIGHT	1981	1980
Fourth quarter	$	$
Net profits	2.55m	8.55m
Net per share	0.18	0.42
Year		
Revenue	593.8m	552.7m
Net profits	18.69m	21.58m
Net per share	1.20	1.39

FOOTE CONE & BELDING	1981	1980
Fourth quarter	$	$
Net profits	5.3m	4.38m
Net per share	1.91	1.61
Year		
Revenue	170.3m	164.7m
Net profits	12.0m	11.6m
Net per share	4.32	4.27

GENERAL HOST	1981	1980
Fourth quarter	$	$
Net profits	18.88m	†13.91m
Net per share	3.57	—
Year		
Revenue	497.63m	424.71m
Net profits	13.97m	0.42m
Net per share	2.95	0.07

† Loss

GROLIER	1981	1980
Fourth quarter	$	$
Revenue	97.4m	88.9m
Net profits	5.06m	4.86m
Net per share	0.47	0.45
Year		
Revenue	344.8m	312.6m
Net profits	14.29m	8.92m
Net per share	1.31	0.80

GOULDS PUMPS	1981	1980
Fourth quarter	$	$
Revenue	77.7m	62.1m
Net profits	6.58m	2.55m
Net per share	0.38	0.15
Year		
Revenue	308.7m	259.0m
Net profits	25.74m	18.85m
Net per share	1.47	1.08

HERSHEY FOODS	1981	1980
Fourth quarter	$	$
Revenue	384.7m	375.6m
Net profits	20.94m	19.22m
Net per share	1.42	1.36
Year		
Revenue	1.45bn	1.34bn
Net profits	80.36m	62.06m
Net per share	5.61	4.38

INTERPUBLIC GROUP	1981	1980
Fourth quarter	$	$
Revenue	128.3m	118.3m
Net profits	6.32m	7.12m
Net per share	1.38	1.58
Year		
Revenue	441.0m	422.6m
Net profits	15.2m	19.7m
Net per share	3.31	4.40

JOHNSON & JOHNSON	1981	1980
Fourth quarter	$	$
Revenue	1.39bn	1.25bn
Net profits	88.7m	79.5m
Net per share	0.48	0.43
Year		
Revenue	5.4bn	4.84bn
Net profits	467.6m	400.7m
Net per share	2.51	2.17

KIDDE	1981	1980
Fourth quarter	$	$
Revenue	737.2m	653.8m
Net profits	28.4m	23.36m
Net per share	1.30	1.15
Year		
Revenue	2.85bn	2.54bn
Net profits	99.21m	87.38m
Net per share	4.87	4.30

LAWSON PRODUCTS	1981	1980
Fourth quarter	$	$
Net profits	2.99m	2.33m
Net per share	0.60	0.47
Year		
Revenue	109.4m	91.7m
Net profits	10.1m	7.47m
Net per share	2.02	1.50

LUCKY STORES	1981	1980
Fourth quarter	$	$
Net profits	37.99m	34.07m
Net per share	0.75	0.68
Year		
Revenue	7.2bn	8.47bn
Net profits	95.45m	90.46m
Net per share	1.88	1.80

MEI CORPN.	1981	1980
Fourth quarter	$	$
Net profits	4.96m	3.54m
Net per share	0.59	0.42
Year		
Revenue	445.78m	349.72m
Net profits	26.32m	18.74m
Net per share	3.12	2.34

MELVILLE CORPN.	1981	1980
Fourth quarter	$	$
Revenue	929.0m	739.4m
Net profits	69.88m	53.79m
Net per share	2.70	2.12
Year		
Revenue	2.76bn	2.33bn
Net profits	136.13m	113.82m
Net per share	5.26	4.50

MOHASCO	1981	1980
Fourth quarter	$	$
Revenue	168.58m	210.69m
Net profits	6.84m	†1.24m
Net per share	0.96	—
Year		
Revenue	640.34m	745.21m
Net profits	15.2m	†2.16m
Net per share	2.30	—

† Loss

NEW YORK TIMES	1981	1980
Fourth quarter	$	$
Revenue	234.6m	202.4m
Net profits	13.4m	10.7m
Net per share	1.08	0.89
Year		
Revenue	845.2m	733.2m
Net profits	50.0m	40.8m
Net per share	4.03	3.37

PENNCORP	1981	1980
Fourth quarter	$	$
Revenue	92.4m	82.0m
Net profits	6.58m	3.64m
Net per share	0.35	0.19
Year		
Revenue	330.0m	304.6m
Net profits	23.66m	20.5m
Net per share	1.24	1.08

PERKIN-ELMER	1981-82	1980-81
Second quarter	$	$
Revenue	260.0m	279.3m
Net profits	14.13m	20.43m
Net per share	0.33	0.48
Six months		
Revenue	511.1m	531.3m
Net profits	28.35m	36.83m
Net per share	0.66	0.86

PETRO-LEWIS	1981-82	1980-81
Second quarter	$	$
Revenue	53.83m	46.31m
Net profits	4.54m	9.05m
Net per share	0.18	0.41

RESEARCH-COTTRELL	1981-82	1980-81
First quarter	$	$
Revenue	88.9m	96.3m
Net profits	2.71m	1.46m
Net per share	0.46	0.30

ROPER CORPN.	1981-82	1980-81
Second quarter	$	$
Revenue	75.3m	75.5m
Net loss*	3.42m	1.49m
Loss per share*	1.10	0.40
Six months		
Revenue	160.6m	136.6m
Net loss*	3.27m	3.18m
Loss per share*	1.05	0.86

* Operating

ROYAL CROWN COS.	1981	1980
Year	$	$
Revenue	450.4m	438.1m
Net profits	15.53m	10.17m
Net per share	1.89	1.24

RYDER SYSTEM	1981	1980
Fourth quarter	$	$
Revenue	487.6m	455.0m
Net profits	20.7m	17.46m
Net per share	1.01	0.97
Year		
Revenue	1.95bn	1.69bn
Net profits	74.03m	56.19m
Net per share	3.84	3.21

SHERWIN-WILLIAMS	1981	1980
Fourth quarter	$	$
Revenue	430.5m	296.4m
Net profits	398,000	3.58m
Net per share	0.02	0.34
Year		
Revenue	1.54bn	1.26bn
Net profits	31.39m	22.86m
Net per share	3.07	2.44

SIGNODE CORPN.	1981	1980
Fourth quarter	$	$
Revenue	170.8m	175.1m
Net profits	5.96m	9.82m
Net per share	0.74	1.24
Year		
Revenue	700.2m	695.5m
Net profits	36.68m	37.84m
Net per share	4.57	4.77

STANLEY WORKS	1981	1980
Fourth quarter	$	$
Net profits	13.2m	14.56m
Net per share	0.50	0.57
Year		
Revenue	1.0bn	939.8m
Net profits	55.37m	48.84m
Net per share	2.10	1.87

SUPRON ENERGY	1981	1980
Fourth quarter	$	$
Net profits	5.24m	6.41m
Net per share	0.24	0.22
Year		
Revenue	78.0m	68.3m
Net profits	17.69m	20.09m
Net per share	0.81	0.69

VF CORPN.	1981	1980
Fourth quarter	$	$
Net profits	9.98m	13.1m
Net per share	1.23	1.53
Year		
Revenue	746.3m	633.8m
Net profits	52.2m	44.6m
Net per share	6.45	5.00

R. C. Murthy reports from Bombay on the expansion plans of an industrial empire and the way it is strung together

Tata seeks to restore its lead

THE RANGE of India's Tata group spans basic and high technology industries such as steel, motor vehicles, heavy chemicals and computers, to consumer goods industries such as textiles, soap and toiletries, and electronics, apart from hotel operations. The total turnover of the group's 30-odd companies exceeded Rs 20bn ($2.2bn) in 1980.

Tata has entered a phase of expansion, after a decade-long stagnation. A Rs 20bn investment, spread over seven years, appears to be the parting gift of Mr J. R. D. Tata, who is 78 and has been at the helm of the Tata empire for 43 years and seeks to retire in two years or so. JRD, as he is popularly known, built up the group on the foundation laid by Jamsetji Nusserwanji Tata, who set up India's first textile unit, and subsequently its first steel mill.

Tata Iron and Steel Company (Tisco), now the only private sector steel mill in the country, is investing more than Rs 5bn in two phases of modernisation, the first of which is to be completed in a few months. Tata Engineering and Locomotive Company (Telco), the largest motor vehicle part of the group, intends to expand commercial vehicles capacity from 56,000 units to 80,000. Tata Chemicals is bidding for a licence from the Government to set up two Rs 6bn gas-based fertiliser plants. Tata electric companies have established India's first 500MW power plant and propose to install another of similar capacity.

This expansion offers to place the Tata group once again clearly at the head of Indian industry, the position it enjoyed until the mid-1970s, before being challenged by the Birla group. The catching up with Tata in the past decade has taken place against a background of anti-monopolies legislation aimed at curbing the growth in the activities of big business.

India has a broad sweep of legislation to control the flow of investment in channels the Government desires it to follow. The Companies Act of 1956, the Capital Issues (Control) Act, 1947, and the Industries (Development and Regulation) Act, 1951 were brought in to regulate the growth of industries and the flow of public resources in line with economic planning. The Companies Act provides for Government control on the qualifications and remuneration of wholetime directors, on appointments of sole selliog agents for the products manufactured, on the inter-corporate investment and on bolding of shares by proxy and on political donations.

The Monopolies and Restrictive Trade Practices Act (MRTP) was iotroduced in 1970, following the findings of a committee that big business houses (defined as having assets of Rs 20m or more) cornered industrial licences. The Act, the counterpart of anti-trust legislation in the U.S., is designed to discourage and disperse the concentration of economic power, and to promote competition. The commission set up under the MRTP Act has to clear any investment proposal from big business houses, and to ensure that it does not become a "dominant" undertaking, with more than a third of market share.

A peculiar corporate structure has emerged from this with management control of companies not associated directly with share ownership. Unlike the conventional system around the world under which management control is related closely to shareholdings, there is an Indian system of companies being managed for years on a minority stake basis.

The shareholding of Tata Sons, the Tata group's holding company, is 12 per cent in Indian Hotels, which owns the Taj group of botels. It is 19 per cent in Tata Chemicals and Tata Oil Mills and a mere 3 per cent in Tisco and Telco.

Ironically, Birla, which competes with Tata for the premier position in Indian private industry, owns more shares in Tisco than does Tata.

The shareholding pattern in Tisco is such that the Government (through investment and financial institutions) is the major shareholder in Tisco, as it is in most other Tata companies. The Government board members vote with the management in the ordinary way.

India's corporate structure is partly an historical matter and partly matter of circumstance.

The principle of joint ownership of the stock of a company was stretched to limits in its day by Jamsetji Tata, the founder of the Tata group, who, witb limited resources, clung to the idea of setting up as many companies as possible to utilise the indigenously available raw materials as part of the "Swadeshi" (buy indigeous) movement.

He used the device of wider public participation to launch the capital intensive steel mills of Tisco.

With the main means of saving lying with the Government after independence, public financial and investment institutions have emerged as major investors in industrial equities.

The depth of the Government's concern over monopolies is a matter that has caused public debate. Indian companies are tiny by world standards. The combined assets of the largest 101 private sector companies was Rs 78.9bn at end-1979, while the assets of Exxon alone were Rs 475.2bn. But the Government is keen that in a country where 40 per cent of the people live below the poverty line and incomes are unevenly distributed, business houses do not dictate the course of politics.

The encouragement given to small and medium scale businessmen has proved inadequate for rapid industrialisation. Growth slackened in the '70s despite incentives. Anybody, the big business houses apart, may invest up to Rs 30m in any industry not reserved to small-scale industry, where investment is restricted to Rs 1m in plant and machinery.

The industrial licensing procedure and the machinery to process applications from big busioess houses have caused problems. There are second thoughts in the Government on the role of these houses. Some relaxations have already have been made, permitting big business houses to invest in the capital-intensive cement and shipping industries. The MRTP Act is at present under review, and new opportunities for investment are to be opened to big business thouses.

But as Tata renews its development drive it is Tata Airlines which laid the basis for the Tata name becoming known around the world. Mr J. R. D. Tata was the first Indian to obtain a commercial pilots' licence in 1929. Tata Airlioes formed the nucleus of Air-India.

Mr Ratan Tata, who in October took over as chairman of Tata Industries (TIL), the group think-tank, and is considered next in line to head Tata, says TIL will initiate shortly strategic planning for the entire group, so that no worthwhile proposal slips away.

He visualises growth both in high technology and labour-intensive industries. The group is planning to enter joint ventures with foreign companies for oil exploration and production and to produce equipment for the space and nuclear power industries. In areas of low technology, from which big business houses are barred, Tata proposes to set up export-oriented offshoots. In view of India's trade deficit exports are assigned high priority. Curbs on expansion by big business houses are relaxed if they are planning for export production. The Government has approved Tata collaboration with Columbia Broadcasting System of the U.S. to manufacture in India records and tapes, 80 per cent of which are to be exported.

MAJOR MEMBERS OF TATA GROUP

Company	Activity	Turnover (Rsm)
Tata Engineering	Trucks, excavators, crawler cranes	6,090
Tata Iron & Steel	Iron and steel	4,540
Voltas	Power distribution equipment	2,880
Tata Oil Mills	Detergents, toiletries, soap, edible oils	1,060
Indian Standard Metal	Non-ferrous alloys and castings	815
Indian Tube Co.	Steel tubes	814
Tata Finlay	Tea plantations, packaging	700
Tata Chemicals	Caustic soda, agro-chemicals, pesticides	586
Indian Hotels	Hotelier	265
Central India Spinning	Textiles	254
Svadeshi Mills	Textiles	224.3
Ahmedabad Advance Mills	Textiles, alloy steels	202
Belpahar Refractories	Refractory and fire bricks	193.6
Tata-Robins-Fraser	Materials handling eqoipment	161.3
Tata Power*	Thermal power generation	—
Tata Hydro-electric*	Power generations	*1.93
Andrha Valley Power*	Power generation	—

* Combined turnover of three.

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar weaker

Dollar weakened in late trading on expectations that U.S. interest rates may not move higher in the immediate future. Fears about the weekly money supply figures continued to keep the foreign exchange market nervous, but Eurodollar rates fell by about ¼ per cent to a general level of 16 per cent.

DOLLAR — Trade-weighted index (Bank of England) 112.7 against 113.0 on Wednesday, and 112.3 six months ago. Three-month Treasury bills 13.97 per cent (15.57 per cent six months ago). Annual inflation rate 8.9 per cent (9.6 per cent previous month) — The dollar fell to DM 2.3675 from DM 2.3990 against the D-mark; to FFr 6.0225 from FFr 6.0890 in terms of the French franc; to SwFr 1.8950 from SwFr 1.9150 against the Swiss franc; and to Y235.25 from Y240.50 against the yen.

STERLING — Trade-weighted index unchanged throughout at 91.7, against 91.1 six months ago. Three-month interbank 14 11/16 per cent (14 3/16 per cent six months ago). Annual inflation 12 per cent (unchanged from previous month)—The pound was steady at around $1.8425 until noon, but then rose to $1.8490, before falling to a low of $1.8390-1.8400 on demand for the dollar from New York. The weakness of the dollar in late trading pushed the pound up to its highest point of the day at the close however. It finished at $1.8510-1.8530, a rise of 1.65 cents on the day. On the other hand the pound lost ground to Continental currencies, falling to DM 4.3850 from DM 4.4050; to FFr 11.15 from FFr 11.1750; and to SwFr 3.51 from SwFr 3.5175. Sterling also fell against the Japanese yen, to Y435.50 from Y441.50.

D-MARK — EMS member (third weakest). Trade-weighted index 120.5 against 120.9 on Wednesday, and 115.0 six months ago. Three-month interbank 10.275 per cent (12.90 per cent six months ago). Annual inflation 6.3 per cent (unchanged from previous month) —The D-mark improved against all other members of the EMS at the Frankfurt fixing, and also gained ground against the dollar. The Bundesbank did not intervene when the U.S. currency fell to DM 2.3834 from DM 2.3870 at the fixing in quiet trading. On the other hand sterling rose to DM 4.3920 from DM 4.3910, and the Swiss franc to DM 1.2545 from DM 1.2528.

DUTCH GUILDER — EMS member (joint strongest). Trade weighted index was unchanged at 113.5 against 107.0 six months ago. Three-month interbank 10 5/16 per cent (13 7/16 per cent six months ago. Annual inflation 6.9 per cent (7.2 per cent previous month)—The guilder showed mixed changes at the Amsterdam fixing, rising against the French franc, Italian lira and Irish punt, but losing ground to the other three members of the EMS. The dollar fell slightly to Fl 2.6130 from Fl 2.6160, but returned to the previous level by late afternoon. Sterling was unchanged at Fl 4.8120, while the Swiss franc rose to Fl 1.3747 from Fl 1.37325.

ITALIAN LIRA—EMS member (third strongest). Trade weighted index was unchanged at 55.1, against 56.9 six months ago. Three-month interbank 21 1/16 per cent (35 per cent six months ago). Annual inflation 17.3 per cent (17.9 per cent per cent previous month)—The lira weakened against most major currencies at the Milan fixing, improving only against the Irish punt within the EMS, while the French franc was unchanged at L210.10. The dollar, which touched a record high on Monday, fell for the third day running, easing to L1,272.30 from L1,273.80. Sterling rose to L2,345.40 from L2,341.20.

THE POUND SPOT AND FORWARD

[illegible]

THE DOLLAR SPOT AND FORWARD

[illegible]

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

OTHER CURRENCIES

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 18)

[illegible]

EURO-CURRENCY INTEREST RATES (Market closing Rates)

[illegible]

SDR linked deposits: one month 13⅞-13¾ per cent; three months 13⅞-13⅝ per cent; six months [illegible] per cent; one year [illegible] per cent.
ECU linked deposits: one month 13⅛-13⅞ per cent; three months 13⅞-14 per cent; six months 13⅞-14⅛ per cent; one year 13⅞-14⅛ per cent.
Asian $ (closing rates in Singapore): one month 16 5/16-16 7/16 per cent; three months 16⅜-16½ per cent; six months 16⅜-16½ per cent; one year 16⅜-16½ per cent.
Long-term Eurodollar two years 16⅜-16½ per cent; three years 16⅜-16½ per cent; four years 16⅜-16½ per cent; five years 16⅜-16½ per cent nominal closing rates.
The following rates were quoted for London dollar certificates of deposit: one month 15.70-15.80 per cent; three months 15.70-15.80 per cent; six months 15.70-15.80 per cent; one year 15.90-16.00 per cent.

MONEY MARKETS

Extreme shortage

The London money market was faced with an acute shortage of funds yesterday caused principally by applications for the Amersham issue and led to the Bank of England taking a number of novel steps to relieve the shortfall. Early indications put the number of applications at £500m, giving a net Exchequer transactions figure of £450m and this together with bills maturing in official hands and a net take up of Treasury bills of £284m accounted for an early forecast of a shortage of £750m.

To help relieve the shortage, which lay primarily with the clearing banks, the Bank acted through the discount houses by reducing to 3 per cent from 4 per cent the percentage of eligible liabilities that eligible banks must keep with the discount market as secured deposits.

Funds returned from unsuccessful or partly allotted tenders will increase market liquidity on February 25 and to balance the expected call on secured money meanwhile, the authorities announced their intention to offer seven-day money to the discount houses. This they did in the afternoon, lending £398m at 14 per cent.

Later information prompted the Bank to increase the effect of the Amersham issue to £800m and the forecast was revised to £1,050m. This did not take into account assistance given in the morning of £485m, comprising purchases of £72m of eligible bank bills in band 1 (up to 14 days) at 13⅞ per cent, £10m of Treasury bills and £306m of eligible bank bills in band 2 (15-33 days) all at 13 13/16 per cent and in band 3 (34-63 days) £39m of eligible bank bills at 13¾ per cent. In band 4 (64-91 days) it bought £1m of Treasury bills, £12m of local authority bills and £45m of eligible bank bills, all at 13¾ per cent. Further assistance was given in the afternoon of £629m (including the £398m lent over one week to the houses) making a grand total of £1,114m.

The afternoon help comprised purchases of £49m of eligible bank bills in band 1 at 13⅞ per cent and in band 2 £40m of local authority bills and £97m of eligible bank bills all at 13 13/16 per cent. In band 3 it bought £11m of Treasury bills at 13¾ per cent and in band 4 £21m of local authority bills and £13m of eligible bank bills all at 13¾ per cent.

Interest rates were slightly easier, reflecting lower Eurodollar rates. In the interbank market overnight funds opened at 14⅛-14¼ per cent, rose to 16 per cent before slipping away to 13⅛ per cent. Closing balances were taken at 16 per cent.

GOLD

Further fall

Gold fell $3 to $369¼-370¼ in the London bullion market yesterday. It opened at $374½-375½, the highest level of the day, and touched a low of $366-367 in the morning.

In Paris the 12½ kilo gold bar was fixed at FFr 71,800 per kilo ($368.69 per ounce) in the afternoon, compared with FFr 71,900 ($369.26) in the morning, and FFr 73,900 ($373.94) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 28,265 per kilo ($368.99 per ounce), against DM 28,935 ($376.98) previously, and closed at $369-370.

In Luxembourg, the 12½ kilo bar was fixed at the equivalent of $370.5 per ounce, compared with $375.5.

In Zurich, gold finished at $368-371, against $373-376.

	Feb. 18		Feb. 17	
Gold Bullion (fine ounce)				
Close	$369¼-370¼	(£200⅛-201)	$372¼-373¼	(£204¼-202⅝)
Opening	$374½-375¼	(£203¼-203¾)	$375½-376½	(£204¼-204¾)
Morning fixing	$367.50	(£199.371)	$375.50	(£205.998)
Afternoon fixing	$369.25	(£200.570)	$374	(£203.201)
Gold Coins				
Krugerrand	$381-382	(£206½-207)	$384½-385½	(£209½-210)
1/2 Krugerrand	$198-199	(£107¼-107¾)	$198-199	(£107¾-108¼)
1/4 Krugerrand	$101-102	(£54¾-55¼)	$101-102	(£55-55½)
1/10 Krugerrand	$40-41	(£21¾-22¼)	$41-42	(£22¼-22¾)
Mapleleaf	$382-383	(£207-207½)	$386½-386½	(£210-210½)
New Sovereigns	$90½-91	(£49-49¼)	$91¼-91¾	(£49¾-50)
King Sovereigns	$106-107	(£57½-58)	$107-108	(£58⅛-58⅝)
Victoria Sovs	$106-108	(£57½-58)	$107-108	(£58¾-58⅝)
French 20s	$88-98	(£47¾-53)	$88-98	(£48-53¼)
50 pesos Mexico	$458-460	(£248-249¼)	$463-465	(£256¼-253¼)
100 Cor. Austria	$359-362	(£194½-196)	$363-366	(£197¾-199⅛)
$20 Eagles	$509-507	(£272-274½)	$507-519	(£270¼-273¼)

LONDON MONEY RATES

Feb. 18 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15½-10	14⅜-14½	—	—	14½-14¾	14	—	—	—
2 days notice	—	—	14¼-14⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅜-14⅝	14⅜	—	—	14⅝-14¾	14	—	—	—
One month	14 9/16-14 7/16	14 7/16-14 9/16	14½	14⅞-14⅝	14 7/16	14¾-14⅞	14	13 27/32	13⅞-13 27/32	14⅛
Two months	14 7/16-14 5/16	14⅜-14 11/16	—	15-14⅝	14⅞	14⅞	13¾	13 25/32	13 23/32-13 25/32	14¼
Three months	14 5/16-14 3/16	14⅝-14¼	14⅝	15-14⅝	14 5/16	10	13⅝	13 23/32	13 23/32-13 11/16	14⅝
Six months	14½-14⅜	14⅝-14 11/16	14⅝	14-13⅝	14 5/16	—	—	—	13 11/16-13⅝	14¼
Nine months	14½-14⅝	14⅝-14 11/16	—	14¼-14⅝	14 5/16	—	—	—	—	—
One year	14½-14⅜	14⅝-14 11/16	14⅜	14⅝-14⅜	14 5/16	—	—	—	—	—
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

MONEY RATES

NEW YORK

Prime rate	17
Fed. funds (lunch time)	14⅞-15⅛
Treasury bills (13-week)	13.97
Treasury bills (26-week)	13.96

GERMANY

Special Lombard	10.00
Overnight rate	10.025
One month	9.825
Three months	[illegible]
Six months	[illegible]

FRANCE

Intervention rate	14.25
Overnight rate	14.375
One month	14.25
Three months	14.4375
Six months	14.4375

JAPAN

Discount rate	5.50
Call (unconditional)	6.46875
Bill discount (three-month)	6.59375

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

[illegible]

WORLD STOCK MARKETS

Early active Wall St rally

BARGAIN HUNTING, especially in the Glamour and Blue Chip shares, prodnced a rallying tendency on Wall Street yesterday morning in very heavy volume.

The market was below the best at mid-session, however, with the Dow Jones Industrials Average a net 3.33 np at 830.96 at 1 pm, after touching 833.14. The NYSE All Common Index was ahead 26 cents at $65.97, after $66.00, while advances outpaced declines by a three-to-two margin. Trading volume swelled to 49.88m shares from Wednesday's 1 pm level of 34.92m.

Some analysts believe seotiment was aided by optimistic projections on the U.S. economy by President Reagan's top ecooomic adviser.

Murray Weidenbaum, chairman of the President's Council of Economic Advisers, predicted a strong pick-up from recession in the secood-half of 1982 and a downward trend in interest rates.

Dow Chemical, by far the most heavily-traded stock, edged up ½ to $21½ on over 4m shares. A 4m share block of the stock changed hands at $21, the second-largest ever in terms of volume on the NYSE. The $84m valne of the deal was the third highest.

THE AMERICAN SE Market Value Index improved 0.34 to 272.54 at 1 pm. Volume 2.87m shares (2.96m).

Canada

Wednesday's rallying tendeocy cootinued early yesterday in fairly busy trading. The Toronto Composite Index added 6.2 at 1,664.6 at noon, while Oil and Gas put oo 26.5 to 2,828.5, but Golds eased 5.1 to 2,481.5. Rises led falls on the Exchange by 190 to 159.

Tokyo

With sentiment aided by the yen's recent resilience against the U.S. dollar aod the easing of the previous day of margin trading restrictions, the Tokyo market rebounded yesterday. However, trading remained light due to worries about the latest round of U.S. Prime Rate increases occurring overnight.

There was also contioued concern about Japan's deteriorating trade relations with its Western partners, but share prices were further boosted towards the close by rumours in the Foreign Exchange market that President Reagan might announce a cut in defence spending, thus reducing the projected U.S. Federal Budget deficit. The rumours also helped the yen to advance.

News that six Mid-East States, including Saudi Arabia, Kuwait, the Uolted Arab Emirates and Bahrain, have decided to create a joint international investment organisation, also buoyed the Tokyo stock market. The news, carried by a Japanese business newspaper, raised expectations that more Mid-east oil money would pour into the Tokyo market.

The Nikkei-Dow Jones Average regained 39.37 to 7,683.76 and the Tokyo SE index 3.15 to 569.65. Volume 210m shares (180m).

Light Electricals, Precision Instruments, Heavy Electric Machine Manufacturers aod Steels led the advance.

Sony climbed Y110 to Y3,620, Matsushita Electric Y50 to Y1,290, Hitachi Y13 to Y715, Toshiba Y5 to Y371, Nippon Electric Y15 to Y870, Canon Y26 to Y944, Fuji Photo Y30 to Y1,490 and Kawasaki Steel Y2 to Y164.

Paris

The market io general was mixed, but shares of nationalised companies, quoted yesterday for the first time since Jaooary 15, advanced in very active trading. The overall market tone was affected by the depressing effect stemming from selling due to yesterday being moothly Settlement Day.

Closing prices were delayed for more thao 30 minutes to allow traders to haodle the heavy inflow of buying orders for rights of the Banks and Corporations which are being nationalised. The improved compensation terms that stockholders of nationalised companies will receive has made these issues much more attractive thao a month ago.

Practically all the nationalised shares showed spectacular gains at the closing bell compared with their pre-suspension levels. Credit Commercial de France changed hands at FFr 254.60, more than 56 per cent above its January 15 closing price. Financiere Paribas showed an increase of 45 per cent at FFr 304, CIC 30.5 per cent at FFr 48.40, Financiere Suez 28.5 per cent at FFr 425 and Puk was up 22.4 per cent.

Germany

Stocks closed on a mixed note amid investor uocertainty over the outcome of yesterday's meeting of Deutsche Bundesbank's Central Baok Council.

Brokers said that investors did not expect any credit or monetary policy chaoges, but were still hesitant to build any major positions until the outcome of the meeting was known.

Some shares received moderate foreign investor interest, but the Commerzbank index lost 1.6 to 693.2.

Lufthansa, which said it expects to show a small 1981 profit, continued in demand and added DM 3.30 at DM 64.30, while Steel issue Mannesmann, benefiting from news that the Soviet Union has started work on the Siberian gas pipeline, gained DM 2 to DM 141.10.

Other Steels were modestly firmer, but Chemicals, out of favour recently, were mostly mildly lower, with BASF losing DM 0.80 to DM 131 uoder the cootioued impact of its Option Bond. Kali und Salz, which is to start short-time working, featured with a fall of DM 5.60 to DM 160.50.

Amoog Eogineerings, GHH receded DM 3 to DM 189, but MAN rose DM 2.50 to DM 178, while io higher Stores, Kaufhof put oo DM 3 to DM 135 and Karstadt DM 1.80 to DM 182.80.

Prices for mark-denominated Bonds closed narrowly mixed, with traders citing guarded trading in light of the then unknown outcome of the Central Bank Council meeting. Later, the Central Bank said it hadn't made aoy policy changes.

Hong Kong

Stock prices staged a good rally yesterday, although sporadic late selling trimmed the gains. Many Hong Kong market participaots bad been expecting U.S. Prime Rates to rise further thao the new 17 per cent mark set on Wednesday, while local technical adjustments also contributed to the rally.

The Hang Seng index recouped 24.48 at 1,257.94. Trading was only moderate, however, with confidence not yet fully restored after the market's sharp slide. Turnover totalled HK$216.44m on the four exchanges, compared with the HK$142.21m registered in the short Wednesday session.

Australia

Some major Resources stocks scored gains amid signs of a revival of buying support after the recent slide to a two-year low, but shares overall were mixed with an easier bias. The All Ordinaries index picked up 3.7 to 509.5.

BHP, after receot heavy losses, gained 20 cents at A$8.54, CSR rose a similar amount to A$3.48, while Western Mining advanced 7 cents to A$3.59 and Pancontinental 13 cents to A$1.93.

Johannesburg

Gold shares were mainly easier io fairly active trading, mirroring the Bullion price treod. Libanon shed 55 cents to R17.70 and President Steyn 50 cents to R33.25.

Closing Prices for North America were not available for this edition.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SOUTH AFRICA

SWEDEN

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

JAPAN

BRAZIL

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

TORONTO

NEW YORK ACTIVE STOCKS

FINANCIAL TIMES SURVEY

Friday February 19, 1982

COLOMBIA

In this election year Colombia's voters are being wooed loudly by politicians of all parties. But on past evidence politics is not the main engine for social change This is more likely to come through the economic challenges the country faces this decade.

Changes coming but not via polls

By Hugh O'Shaughnessy

STREETS, PAVEMENTS and lamp-posts throughout Colombia are plastered with posters of candidates for next month's local and congressional elections and for the Presidential elections in May. Most of the postulants seem to favour pictures of themselves in declamatory pose. The newspapers carry photographs of great concentrations of people listening to the *impassioned* harangues of one or other candidate. Radio and television carry a constant stream of political messages.

Only President Julio César Turbay Ayala, whose four-year term ends this year, seems to be able to afford the luxury of quiet, indeed literally soporific, speeches. Before *dozing* off myself the other day in front of the screen I watched a television report of one of President Turbay's speeches in which a number of his most trusted appointees were shown slumbering gently as he lectured them haltingly about their responsibilities.

The contrast in styles aptly illustrates the dilemma of politicians in this electoral year. In choosing ranting poses the candidates want to typify action for changes in society; each vies *with* the next in promising transformations in the voters' lives. Those who have achieved power in Colombia suddenly become more circumspect as they take stock of the limited possibilities any Colombian administration has for *implementing* change.

Despite the bitter fights for power between the Liberal and the Conservative Parties and among factions within their ranks little effective change takes place *in Colombia as* a result of political action—and the voters know it. In the two polls scheduled to be held in the next three months the supporters of Sr Belisario Betancur, the Conservatives' choice, will appeal *to traditional loyalties* on his behalf. The equally traditionally minded Liberal Party will be going to the electorate divided. Orthodox Liberalism will be represented by former President Alfonso Lopez Michelsen, who is seeking a second term in office. Lopez is being challenged by "New Liberalism," a group of politicians who want to modernise the party and who are putting up the 37-year-old Sr Luis Carlos Galán, a former young ministerial prodigy, as candidate for the presidency.

Left-wing

The principal Left-wing coalition is putting forward Sr Gerardo Molina to represent the point of view of the small Moscow-line Communist Party and its allies.

It is highly unlikely that any*thing but a fraction of the elec*torate will bother to turn out to cast their votes. Over the years the percentage of potential voters in local elections who have actually gone to the polling booths has been in almost constant decline, from 40 per cent *in* 1960 to a mere 25 per cent *in* 1980. In the capital Bogota no more than about 15 per cent of the electorate managed to turn ont. Abstentions on such a massive scale, which are mirrored in the presidential elections cannot but bespeak a widespread disillusionment with party politics.

Some of this disillusionment was clearly born of the decision of the two main parties in the late 1950s to try to put an end to two decades of senseless inter-party violence — during which 200,000 people had been killed—by agreeing to share office rather than fight over it. *This* system of government lapsed, however, in 1978 and there has been no sign since that enthusiasm for voting has revived.

Nor has the Left, badly split into squabbling sectarian factions, appealed to the ordinary voter. Sr Gabriel Garcia *Marquez*, the distinguished Colombian novelist and leading figure in the Colombian Left, has commented: "The Left in Colombia talks about unity, says it wants unity, sits down to talk about unity and ends up *divided*."

In no national election in the *past decade has the Left* achieved as much as 5 per cent of the vote and in 1980 it received only 4.2 per cent of the votes cast for municipal councils and departmental assemblies.

It may be that this year will prove the exception. Perhaps *after two successive Liberal* presidents, Lopez and Turbay, the electorate will rush en masse to the colours of the Conservative Sr Betancur. Perhaps the young and dashing Sr Galan will gain nationwide support for his policies of modernising the Liberal Party. It is even conceivable that *Sr Molina* will electrify the voters with his promises of revolutionary change. All these are possibilities but few believe they are likelihoods.

In a society where there is widespread poverty and a great and growing gap between a small affluent minority and the rest of the people it seems that radical protest will be channelled not into *parliamentary* politics but into crime and violence. Bogota and many other Colombian cities have an unenviable reputation for widespread thievery and kidnapping and there is no sign as yet, *despite* the best efforts of the army, that Colombia's two principal guerrilla movements are being destroyed. The FARC or Revolutionary Armed Forces of Colombia, a group with connections with the Moscow-line Communists, and M-19, a very active but politically incoherent guerrilla band, continue to cause the Government headaches.

There is no indication, however, that they will be able to achieve any major victory or shake the orthodox parties' hold on the levers of government. Neither group looks likely to *win* the positions of strength achieved by the guerrillas of Central America.

Colombian society, spread over a large land area which is divided by three great mountain ranges and which contains a bewildering variety of climates from deserts to the rainiest places in the world, is likely to remain in its traditional mould, patient, slow to change, more than a little introverted and generally suspicious of outside influences whether they come from abroad or from the next valley.

It is paradoxical that this traditionally minded society should be faced with big new economic challenges which could bring about change much more quickly than the political parties.

The past decade has brought two unexpected economic bonanzas to Colombia. Following the destruction by flood of the Brazilian coffee crop, prices of Colombian coffee rocketed and by the end of the 1970s export revenue from coffee had tripled to more than $2bn. A similar but not so exactly quantifiable boom was enjoyed by those land*owners* who wanted to replace their cotton plantations on the Caribbean coast with marihuana for the U.S. market.

Both booms, which are now tailing off, left their mark on Colombian society. The coffee bonanza strengthened even further the already powerful producers of Colombia's principal export. The marihuana boom created a *new small* class of *nouveaux riches* who because of the illegal nature of their trade formed themselves into a mafia which in some parts of the country became virtually uncontrollable.

A further boom is now on the horizon. As described elsewhere *in this survey* the mining sector is bidding fair to overtake have been discovered and will coffee in importance to the economy by the end of this decade. Vast quantities of coal start to be exported before the end of this year from El Cerrejon in the far north-eastern corner of the country. Many more deposits will surely be exploited. Nickel too will be exported from Colombia this year, while it may not be many years before Colombia gets back its position as an exporter of hydrocarbons.

Crisis

At the same time there are those who argue that Colombia's industrial structure, built up since the beginning of World War II, is now in crisis.

In a recent economic pamphlet Sr Ernesto Samper of the National Association of Financial Institutions (ANIF) argued: "Within an oxygen tent of protection we raised an inefficient industrial sector so that we got to the present situation where, even having passed over a set of tariff barriers comparable to the Great Wall of China, what we import is cheaper than what we produce and on no few occasions, of better quality. What is happening is that we are buying cloth from Taiwan, cars from the U.S. and the USSR and steel bars from Brazil because they are cheaper."

If what Sr Samper says is correct Colombia faces a decade of economic change which will have a much greater effect on Colombian society than anything the politicians, for all their vociferousness, could aspire to achieve.

BASIC STATISTICS

Area:	1.139m sq km
Population:	27.5m
GDP 1980:	Pesos 1,547.87bn
Per capita:	Pesos 56,245
Trade 1981:	
Exports:	$2,925.8m
Imports:	$3,862.8m
Currency:	Colombian peso. £=110.80 pesos

President Julio Cesar Turbay Ayala—" luxury of quiet speeches "

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Coffee: Wary eye on prices III
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BALANCE OF PAYMENTS
(U.S.$m)

	1979	1980	1981
Current inflows	4,622.7	5,653.9	4,985.6
Exports	3,043.8	3,394.2	2,925.8
Coffee	1,769.4	1,981.1	1,561.4
Other	1,274.4	1,413.1	1,364.4
Petroleum investments	52.0	85.3	86.5
Services and transfers	1,452.6	1,864.2	1,734.3
Current outflows	3,488.2	4,918.6	5,632.8
Imports	2,557.7	3,503.9	3,862.8
Petroleum for refining and natural gas	77.8	107.5	95.9
Services and transfers	852.7	1,307.2	1,674.1
Surplus or deficit on current account	1,134.5	735.3	−647.2
Net capital movements	485.8	571.5	860.5
Variation in gross reserves	1,620.3	1,306.8	213.3
Balance of gross reserves in December of previous year	2,492.6	4,112.9	5,419.7
Balance of gross reserves	4,112.9	5,419.7	5,633.0

Government policy has provoked a contrast in a high world credit rating and a struggling domestic sector

Good image abroad masks home worries

Eccnomy

HUGH O'SHAUGHNESSY

THE DECEMBER issue of the monthly review of the Banco de la Rapublica, the Colombian central bank, comments somewhat primly, "Colombia continues to have a low rate of indebtedness and, consequently, continues to be one of the countries of Latin America with the least credit risk."

For once a country's good image of its own financial position is shared by the outside world. As one London banker remarked this month, "Colombia is certainly a good borrower. Their attitude to foreign borrowing makes the West Germans look positively reckless."

For several years in the 1970s the natural caution of the Colombian monetary authorities was bolstered by the windfall brought about by the coffee boom.

The country tripled its dollar earnings from its principal export because of the destruction by frost of parts of the Brazilian coffa plantings. In 1980 coffee earnings stood around $2bn (£1.08bn) and accountad for the lion's share of total exports of $3.4bn.

Last year coffee receipts fell by about a fifth as world stocks mounted, helping to push what had in 1980 been a handsome current account balance of $735m, $647m into the red.

With gross internetional reserves which at the beginning of last year totalled $5.4bn, or well over a year's import bill, and a disbursed public external debt smaller than that figure, Colombia was welcomed with some eagerness by the commercial banks as a new borrower.

The country found no difficulty in raising $400m for new public investment schemes. By the end of last year the reserves had risen to $5.6bn.

Colombia's external position is likely to be further enhanced this year as two big mining projects begin to earn a return on the foreign exchange they have cost.

Nickel from the Shell group's Cerro Matoso mine should bring in $51m, a figure which should rise to $400m by the end of the decade if optimistic forecasts are to be believed.

The nickel project will however be dwarfed by the development of coal exports, principally from the Cerrejón open east mine near the Caribbean coast.

In constant dollar terms the income to be earned from coal exports by 1990 could reach $2.8bn, or nearly as much as the total present export revenue of $2.9bn.

And when the yields from mining are augmented by possible revenues from oil and gas it can be seen that the long-term outlook for the export sector is a very encouraging one, even if one discounts all agricultural exports except coffee.

It is not difficult to see why bankers are keen to lend to a country whose present debt burden is extraordinarily light for a Latin American country and whose future prospects look so rosy.

In the domestic sector, however, the Colombian economy has come under new strains which have caused something approaching panic in local business.

The Government has done its best to evoid any abrupt slowdown in the economic growth rate and to prevent it falling much under 4 per cent. It has also struggled to keep inflation below the 26.5 per cent which was registered in 1980, while not wishing to scrap plans for Government spending needed to keep the economy dynamic and gain political benefit in the months before general elections.

The Government's demand for money has driven borrowing rates to record levels which have meant real interest rates of around 25 per cent. This has not only drastically clipped the wings of the private sector but also contributed to those inflationary fires which the Government had sought to damp down.

Though the Government says that more credit than ever has been made available to the private sector, businessmen argue that the cost of money is killing their companies. It is, for instance, demonstrated that while in 1978 financial costs were equivalent to only about 12.5 per cent of corporate profits, two years later industry was paying out to the banks as much as it was earning for itself.

It is clear that the Turbay Government has not managed to please any section of society except the bankers while juggling with the priorities of fighting inflation, keeping up growth and employment and trying to keep a realistic parity for the peso. Last week's multi-billion dollar economic package is an attempt to encourage the industrialists.

There are those who claim that these days of world recession have highlighted the fundamental weakness of an industrial structure which has been built up over the decades behind high tariff walls regardless of costing and international competitiveness.

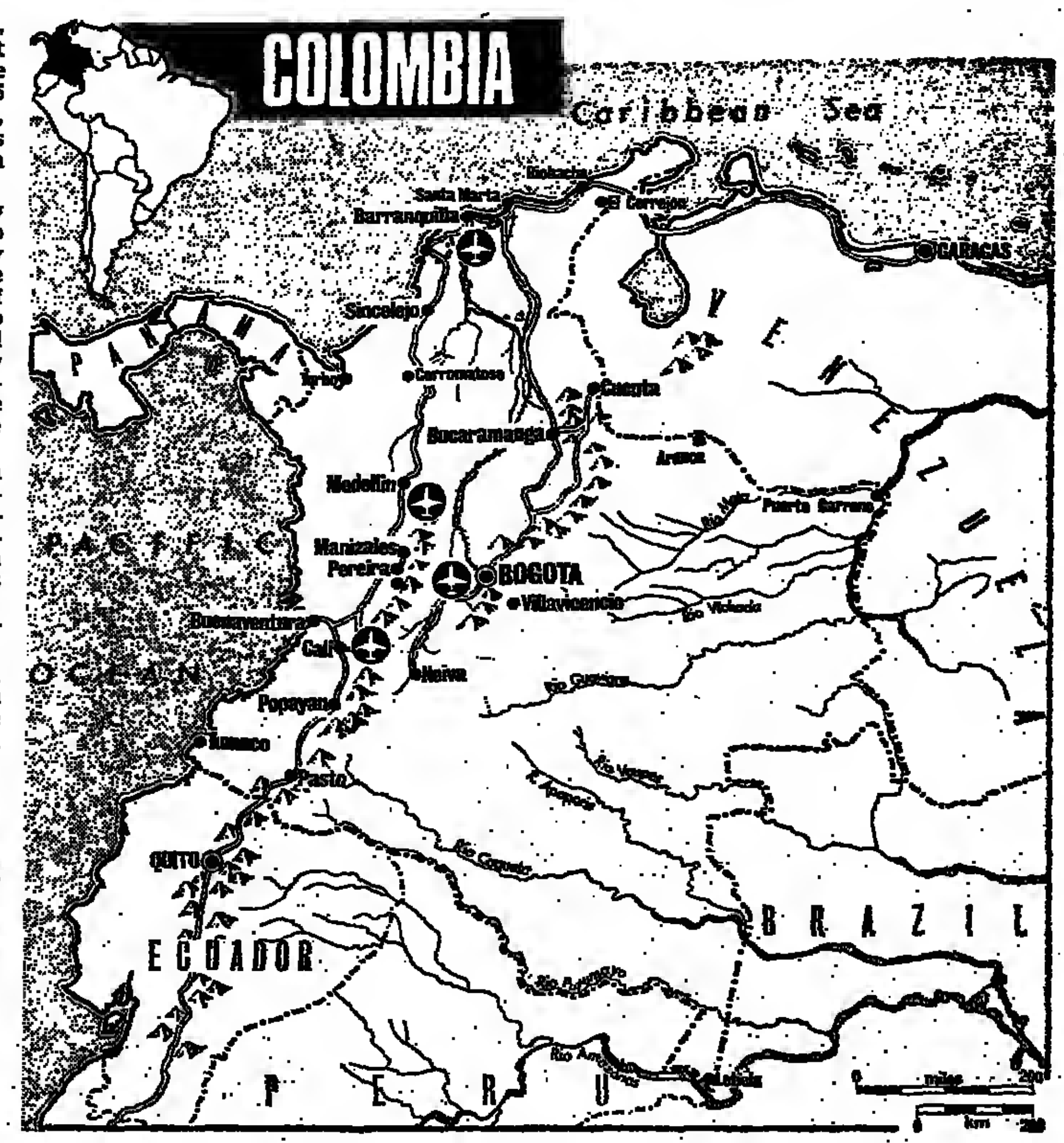
They say that Colombia should concentrate on those arees in which it has some advantage over the rest of the world, in particular on the development of its natural resources.

That the farm sector could be further encouraged in a country which has been running up very large import bills for food is evident. Despite the fact that Colombia has millions of unused hectares available for cattle ranching, meat production has not kept up with domestic demand and some forecasters predict a meat supply crisis this year or next.

Even taking into account the unusable nature of much of Colombia's land it is clear that with more encouragement to the farm sector the 1.1m square kilometres Colombia has to support a population of 26m people should provide larger export surpluses than at present.

Economic commentators also point out that if Colombia did produce greater quantities of food this would have a marked effect in reducing the rate of inflation.

As the government looks over its new mines and oil wells and congratulates itself on its conservative monetary policy it might spare a thought for its farmers.



COFFEE EXPORT PRICES
(U.S.$ per pound)

		average
1979	1st half	1.46
	2nd half	2.05
	Year	1.76
1980	1st half	1.81
	2nd half	1.32
	Year	1.56
1981	1st half	1.26
	2nd half	1.34
	Year	1.30

Source: Federación Nacional de Cafeteros de Colombia.

MINERALS PROJECTIONS

	Nickel output '000 tonnes	Nickel output Current U.S.$m	Coal exports '000 tonnes	Coal exports Current U.S.$m
1983	19.0	147.1	92.3	6.0
1984	21.7	184.7	184.6	13.3
1985	22.2	208.0	469.6	37.2
1986	21.4	220.3	7,023.1	612.4
1987	21.8	247.0	9,276.9	929.5
1988	23.2	319.0	12,923.1	1,437.7
1989	21.6	349.3	16,669.2	2,036.1
1990	22.7	403.5	20,615.4	2,819.1

Industrial centre aims to restore its flagging fortunes

Medellin

SARITA KENDALL

MEDELLIN'S hard-headed business leeders are having to do some fundamental re-thinking about the future. Industrial crisis, record unemployment and increasing crime are eroding the attractions of this busy city at an altitude 1,500 metres in e deep Andean vallay at the hub of the rich agricultural and mining state of Antioqula. But the strongly regionalist Antioqueño is anxious to recover economic and political prestige, and e plethora of organisations is currently examining strategies to revitalise flagging industry and capitalise on local resources.

When Bogotanos refer to Antioqueños as "the Jews of Colombia" it is partly legend and partly admiration for the Spanish immigrants that built Medallin into a leading industrial centre. A hundred years ago, soon after tha British-owned Frontino Gold Mines began operations, locally mined gold was bringing in the capital tn fund workshops, industrial plants and trading ventures, while coffee-growing speeded up the process towards the turn of the century.

In 1905 Medellin bad a population of 60,000—compared with today's 1.5m—and the textile industry was taking off. Foundries, food and drink plants, cigarette companies and financial companies were ready tn take advantage of the opportunities offered by World War I, and import substitution began in earnest.

Antioquie's economy has come full circle, with gold and coffee once again making a major contribution to the region's aarnings. High prices in 1980 brought prospectnrs out in force and gold production went up to a value of $185m.

The area now accounts for about a fifth of Colombia's coffee output, but a new crop is rapidly gaining ground. Bananas, grown in the north-west around Urabá, hring in an expnrt income of over US$100m and are attracting enough investment to justify the construction of a port for this booming frontier area.

Medellin itself, however, is mainly dependent on an industry which imports raw materials from other parts of the country, and from nverseas. Textiles contribute some 40 per cent of Antioquia's industrial production and over half the seclor's lolal output for Colombla.

The two top textile firms — Coltejer and Fabricato — are among Colombia's 10 biggest companies and between them provide nearly 20,000 jobs. Appropriately enongh, Coltejer's shuttle-shaped skyscraper, a product of hetter years, dominates Medellin'- skyline and houses the country's most important private sector pressure group, the National Industrialists Association (ANDI).

According to ANDI's textile expert, Sr Roque Ospina, production has dropped hy about 20 per cent over the last two years and employment is down 10 per cent. Not only have textile exports dwindled as a result of marketing problems in the EEC and the U.S.; local demand is stagnant and imports (both legal and illegal) are edging the more expensive Colombian products out of the national market. Although some clothing firms such as Caribu are going from strength to strength, textile plants can barely afford to buy Colombian cotton, which sells at well above international prices, and Fabricato's president threatened a shut-down unless more realistic prices can be negotiated with cotton farmers.

Working capital is available only at high interest rates and aeveral small companies have gone hankrupt, while Coltejer and Fabricato have responded to the crisis in different ways. Collejer has embarked on e costly modernisation programme and recently opened a plant at Rio Negro just outside Medellin. Febricato has been taken over by a big financial group and is diversifying into nther regions and other products—a strategy that some businessmen feel should be imitated by more companies.

During the last decade several industrial concerns have been drawn into large, primarily financial, nrganisations, often purchased with capital inflated by money made from drug trafficking nperations. The shake-up has forced modernisation on many traditional Antioqueno industries, as well as ancouraging the creation of new Medellin-based finance groups such as GRAFI and Inversiones Aliadas. During the first ten months of 1981 nver 28 per cent of new investment registered at the Medellin Chamber of Commerce went to finance and insurance, with only 18 per cent for industry—a 50 per cent drop compared with 1980.

Unlike Bogotá, which bas attracted a greater variety of light industry, Medellin is e highly specialised centre. Besides the textile and garment group, the metals, transport, tobacco, cement and leather industries are well represented, but the more dynamic chemicals, printing and metalworking sectors have gravitated to other regions.

The geographical isolation that once favoured Medellin by allowing industry a virtual monopoly over the local market is now a serious drawback and the rugged ranges are formidable barriers to road, rail and eir transport.

Incoming planes spiral down to the airport, now engulfed by the city and closed to traffic after dark. A new airstrip is being built in the Rio Negro valley, an hour away from Medellin, but it would be a pity if the roving drinks trolleys with a surprising selection of Scotches — welcomed by Antioqueño commuters—were ldst in the move.

Though roads to Urabá and the coastal cities are inadequate, particularly as the northern part of Antioquis is opened np to farming, connactions to Bogotá are being improved by the construction of a new highway. Rail services—the main line crosses the mountains to join the Bogotá-Santa Marta track — are abysmally bad, allowing a maximum speed of 15 mph. Yet if Antioquenos were to heve their way new railways would be crisscrossing the state in every direction.

With expansion restricted by steep valley walls, Medellin is growing further afield. Rio Negro, higher up in the Andes, is already known as the city's "second floor" and has become e popular location for new factories and for residents fleeing the physical deterioration and rocketing crime rates of Medellin. Assassinations carried out by speeding motor cyclists led to a ban on crash helmets, and gun battles in the streets bave left a chain of victims in recent weeks, some apparently the result of local mafia vendettas.

The region's resources are still largely ontapped. Antioquia has enormous hydro-electric potential and a string of schemes along the Cauce Valley will push up demand for construction materials over the next five years. Coal is mined at Amagá in small quantities, but production could he increased tenfold and there ara further deposits in Urabá. Copper has been found in the west of the state, while the Cerro Matoso nickel mining and smelting project, just over the northern border of Antioquia, will coma into nperetion in April. Reaffnrestatinn is providing the raw materlal for a growing pulp and paper business, and cattle raising will also attract larger investment as foot and month disease is conquered.

But Medellin's industrial prospects remain the cruciel problem. Says Sr Luis Alberto Zuleta, editor of Antioquia's Economic Journal: "There is a new awareness of the region's bistory, and the need to redafine hoth Antioquia's role end Medellin's future. Antioqneños are now taking key decisions about new areas of investment—which industries must he encouraged, where they should be sited and how jobs can be created.

The rich promise of north coast coal projects

TO HEAR some Colombians talk, the huge coal and nickel mines of El Cerrejon and Cerro Matoso are going to solve all the country's economic and political ills. This optimism is sadly exaggerated but the projects will indeed make a substantial difference in Colombia's balance of payments and to the future of the northern coastal region.

Cerro Matoso is scheduled to produce its first ore next April, and coal will be mined in the centre block of El Cerrejon towards the end of 1982. But the giant northern Cerrejon project, in which the Colombian coal company Carbocol and Exxon are partners, will only come into operation later on.

The preliminary stages are almost complete. The 100-mile road connecting El Cerrejon with Bahia de Portete on the coast of the Guajira peninsula will be finished this month and camps have already been established at Cerrejon and Portete, where a big modern coal port is to be built. Morrison-Knudsen has been approved by the Colombian Government as master contractor for the project and is setting up its offices in Barranquilla. Designs are in their final phase and construction will be started on various fronts during the first quarter of 1982.

Several governments have offered financing for Cerrejon, among them Britain ($400m) and Canada ($800m). These credits are, however, tied to equipment purchases and can only be used if suppliers are awarded contracts after open bidding. Carbocol and Intercor (an Exxon subsidiary) are sharing the $3bn investment 50-50. It splits up as follows: $410m for the port; $420m for the broad gauge railway between Cerrejon and Portete; $545m for the mine, and $300m for other installations in the mining area. A further $315m has been earmarked for a community to house more than 10,000 people at Cerrejon. This will not be completed, however, until the late 90s.

Cerrejon

SARITA KENDALL

El Cerrejon itself is a sparsely populated area in the Guajira, not far from the Venezuelan border and more hospitable than the scrubby desert nearer the coast. Until recently the focus for Colombia's multi-billion dollar marijuana trade and a strange mixture of smuggler's paradise and traditional Indian communities, the Guajira is now Cerrejon-orientated. When Carbocol was persuaded to set up its main offices in Riohacha, the state capital, rather than Barranquilla, it was considered a major victory by the Guajira people, who were afraid the benefits of the project will pass them by.

Production—all of it for export—will build up to 15m tonnes a year by 1988 and could later go as high as 25m. Cerrejon steam coal is excellent quality, with a very low ash content and lying close to the surface. A $53m Intercor exploration programme established reserves of 1.6bn tonnes down to 200 metres; the deposits will be mined by giant mechanical shovels in two big open pits.

There will be direct employment for at least 4,000, and probably another 15,000 jobs generated by the project. Though many of these will be filled by locals, there are also large numbers of more skilled workers being brought in from other regions; this is already a bone of contention. Part of the labour force will be living in Barranquilla at first and flying in and out of Cerrejon. The influx of consulting firms, equipment suppliers and project employees will make a big impact on Barranquilla and Riohacha, which have been feeling the effects of the decline in the marijuana trade.

According to the association contract between Carbocol and Intercor production will be split 50-50. Intercor will pay a basic 15 per cent royalty, which should rise in time to about 23 per cent, depending on costs and sales prices. Intercor management says that Colombia will keep some 83 per cent of the funds generated by the project once tax and other payments are met. Preliminary estimates put the country's net income (discounting equipment imports, Intercor's profit remittances and debt servicing for Carbocol) at $1.2bn in 1990 and $3.7bn in the year 2000.

Although Cerrejon will be by far the biggest mining operation in Colombia — and one of the biggest in the world — other projects are getting under way. The Government energy policy of substituting oil fuels by coal and hydro-electricity wherever possible has given a big boost to internal demand, while Carbocol's contacts with foreign governments have confirmed that there will be plenty of interest on the international market.

The aims are to raise coal's contribution to energy needs from 17 per cent to 23 per cent by 1990 and to bolster foreign earnings. An estimate made by Exxon suggests that coal exports could reach as much as 50m tons a year in the next century.

Colombia's coal reserves are still something of a mystery. Detailed exploration has been carried out only in parts of Cerrejon and Boyaca-Cundinamarca, a coking coal area near Bogota. A study by the state geology and mining institute Ingeominas puts reserves in seven zones at 17.7bn tonnes, of which 17bn are steam coal. Proven reserves are much lower, about 3.8bn tonnes. Deposits in the Uraba area and those near San Juan de Arama in the llanos were not included in Ingeominas' calculations but are thought to be substantial.

Annual coal output is under 5m tonnes at present, produced in antiquated conditions near the main urban centres. But two mines—the Cerrejon centre block and San Jorge in Cordoba are due to get under way this year, with an initial production of 200,000 tonnes each.

Initially both will supply the domestic market but once output rises to cover 1m tonnes there will be some coal available for export. Carbones de Caribe, a company formed by several Colombian cement and financial groups, is to invest $54m in the development of the San Jorge reserves and work has started on a road and a camp at the site.

The coast's future is not limited to big mining developments. Natural gas fields are already in production and a big hydro-electric scheme is planned for Urra. Apart from the number of jobs and the infrastructure involved in these projects, the abundance of energy is expected to attract industrial investment. In the longer term the region could also become an important centre for the production of synthetic fuels.

Colombia has built up a useful export trade in "pop-up" books, here being assembled at the Carvajal print works in Cali

Wary eye on prices

THE 1981-82 International Coffee Agreement (ICA), and Colombia's quota within it, was greeted with relief in Colombian coffee circles. Few countries are more wary of an unregulated market and the perils of wildly fluctuating prices than Colombia; coffee regularly contributes more than half its export income and the proportion has even gone as high as 65 per cent. The boom years of the mid- and late-seventies are remembered more for economic — especially monetary — problems than for affluence.

With an initial quota of 8.6 million 60 kilo bags for 1981/82, Colombia has 15.3 per cent of the 56 million bag world coffee market—not as high as the country's 16.2 per cent share in 1980/81 but an improvement on the 13 per cent average during the 1955 to 1975 period. In the first quarter of the coffee year (October-December 1981) exports rose to 2,248,000 bags, and there are hopes that country quotas will be boosted slightly through the remainder of the year. Despite the advantages—particularly the stabilising effect—of the return to the quota system, Colombia's current exports are over 2m bags lower than they were in 1978/79 and 1979/80, and production is now topping 13m bags a year, with stocks of over 8m bags.

According to Sr Gilberto Arango, head of the private exporters' association, prospects for sales to non ICA countries are not as good as last year, and Colombia will probably have difficulty placing as much as 720,000 bags with outsiders. In particular, exports to Poland have fallen off to a fraction of the 1979-80 level, while Romania and the USSR are also buying less.

For the first time West Germany became Colombia's principal coffee market in 1980-81 — sales reached just over 3m bags, or 34 per cent of all exports. The U.S., which has traditionally headed importers of Colombian milds, dropped back to under 2m bags, filling the gap with larger quantities of cheaper robustas. Exporters say Europeans are more aware of quality differences, and prepared to pay the extra cents to secure Colombian coffee. The Netherlands, Sweden, Denmark and Spain are important buyers and Europe as a whole accounted for nearly two-thirds of Colombia's exports in 1980-1981.

Apart from the change in composition of imports, U.S. coffee consumption has fallen alarmingly from three cups per person a day in 1962 to two cups a day in 1981. In contrast tea, soft drinks and fruit juices have increased their share of the market, according to Coffee drinking Study. Colombia's federation of coffee growers, Federacafe, which has run many highly efficient publicity campaigns, is anxious to persuade other producers to spend more on advertising to recover lost ground in the U.S.

Ten years ago Colombian coffee production varied between 7m and 8m bags a year. Though 1980-81 production was up to a record 13.2m bags and the estimate for 1981-82 is similar, farmers are devoting less land to coffee trees. Widespread planting of the caturra variety, which is much higher yielding, has brought productivity to a peak on the best managed farms. Nearly two-thirds of production now comes from this modern sector, which implies a much higher investment for the grower—to keep production at its best over a tonne of chemical fertiliser per hectare is needed during the year—and tends to push the smallest farmers out of business.

So far no coffee rust has been reported in Colombia, but it is approaching from Central America, Brazil and Ecuador. An Andean Pact programme to combat rust and ensure prompt action is being financed mainly by Colombia, and Federacafe is well prepared for its arrival. The new "colombia" variety developed by Federacafe's research centre is resistant to several strains of rust, and has passed both productivity and quality tests. But Colombia has about 1m hectares of coffee plantations and to replace even a small proportion of the trees would be an enormous task.

Although Federacafe is doing its best to keep production at the current level and is discouraging new planting, price rises have the opposite effect. Pressures from growers have forced two internal price increases in the last six months, and the official rate is now $180

Coffee

SARITA KENDALL

per 125 kilo lot. Private exporters are finding it difficult to obtain credit to compete with the federation in the local market place, and their contribution to exports went down to 32 per cent during 1980-81. This year they are negotiating for a 52 per cent share.

As part of the strategy to keep coffee production within limits and ensure that plantations are concentrated in the most suitable areas, Federacafe runs a major "diversification" programme. The programme focuses particularly on the main coffee growing areas of central Colombia—the Andean states of Caldas, Quindio, Risaralda and Antioquia—and has created over 150,000 rural jobs since 1963 according to Federacafe, helping to stem migration to the cities.

Coffee contraband has been cut back considerably. Estimates suggest that only 300,000 bags or so are being smuggled out through Venezuela and the Caribbean. With internal consumption at 1.8m bags, 1981-82 exports forecast at about 9.5m and production at 13.2m, there should be less than 2m bags left over to add to stocks.

Coffee export earnings were, however down from U.S.$1,981m in 1980 to $1,561m in 1981 as a result of lower prices and smaller volumes. With other exports also slightly down last year, coffee still contributed over half of foreign trade income, and the forecast for 1982 suggests a similar balance. Any changes in coffee sales have major repercussions on the balance of payments, and Federacafé and the Government work hand in hand on policy, using internal prices, export taxes and exchange mechanisms to cushion the ups and downs of the international coffee market.

Choice of smooth or rugged tracks

COLOMBIA HAS a very wide variety of climate, culture and cuisine, of beaches, mountains, desert and jungle, and a dynamic entertainment business — all of which should add up to the perfect environment for a thriving tourism industry. The gateway position automatically funnels travellers from North to South America, and from Europe through the international airports of Bogotá or Barranquilla.

But with Colombia's persistent reputation for violence — to be fair, many other countries are catching up — and the lack of a central theme for a Colombia trip, the country still tends to lose out in the Latin American tourist market to Peru's Machu Picchu, Ecuador's Galapagos and Rio's Carnaval. Bogotá, the natural stopover for those on all-inclusive continental package tours, is not Colombia's most attractive spot.

It is the adventurer with the ability to shrug off delays and disasters who tastes the more exotic offerings and gets far the best value out of Colombia. This is not to say there is a lack of comfortable hotels or good restaurants in key centres such as the Caribbean city of Cartagena or the Amazon town of Leticia, where the tourist is an important source of income.

Tourism figures are swollen by the enormous influx of Venezuelans and Ecuadoreans who pour into border areas and spend large sums on the bargain of the moment, whether clothes, coffee or shampoo. Of the 1.4m visitors to Colombia in 1980, 43 per cent were from Ecuador and 31 per cent from Venezuela, while 10 per cent came from North America, and only 7 per cent from Europe. Some 540,000 Colombians travelled outside the country and 3.7m nationals registered in tourist hotels.

The number of incoming tourists grew by an average of nearly 80 per cent a year during the '70s, but the increase among Europeans and North Americans was much smaller — up by 33 per cent and 17 per cent a year respectively. Income from tourism has also risen by leaps and bounds, reaching $63 per person per day in 1980. In 1970 the country earned $34m, with Colombians spending $23m abroad. Last year brought in $713m, against outgoings of $227m, according to official tourism statistics.

A recent drive by the National Tourism Corporation (CNT) to improve travel infrastructure has produced such immediately noticeable effects as the installation of multilingual information and hotel-booking kiosks at airports. Other attempts to protect the Bogotá visitor include notices advising travellers to use only licensed airport taxis with the silhouette of a 'plane on the door, while affable tourism police are on duty at the main hotels. If you go out with a camera dangling or a wrist-watch showing, concerned Bogotanos will tell you to cover them up, and consular officers tired of replacing stolen passports try to warn their citizens to stay away from the sleazier districts.

Although an inflation rate of nearly 30 per cent and devaluation at about 15 per cent have made Colombia less of a bargain for the holiday-maker than it used to be, prices are still attractive compared with neighbouring Venezuela and some parts of the Caribbean. But costly South American airfares, kept high by protected national carriers, mean the Caribbean islands are much more readily accessible to Europe and North America. Despite efforts by European airlines to introduce lower tariffs — British Caledonian, for example, sells a group Apex return ticket for under $1,000 — the North Atlantic route via Miami is the cheapest way to Colombia.

Colombia's architectural and archaeological heritage draws large numbers of tourists and the CNT takes an active part

Tourism

SERITA KENDALL

in preserving sites of special interest and restoring and converting fine Spanish colonial buildings into museums and hotels. The mystical stone statues and huge stone columns and slabs of San Agustin — until the twelfth century a centre for religious pilgrimage; now an archaeological park in the rolling hills of the upper Magdalena valley — make one of the most popular tours with Europeans.

On the other side of the central Andean range is colonial Popayán, a delightfully peaceful town of old churches and monasteries, not far from the ornately carved pre-Columbian tombs of Tierradentro.

To reach such spots often involves arduous journeys on poorly surfaced roads, even if there is spectacular scenery to compensate. Internal air services cover much of the country, however, and can turn a 15-hour car trip into a half-hour flight, with the current fare-cutting wars benefiting the bargain-hunter.

The most important growth area for tourism is the Caribbean coast and new hotels are generating badly needed jobs in the region. The $20m-plus Cartagena Hilton, partly financed by the CNT and officially opened three months ago, is the most luxurious hotel on the Colombian coast and one of the best in the Caribbean, with 298 rooms, an extensive convention complex, a casino for keen gamblers and complete scuba-diving facilities.

Surrounded by sea on three sides and already fully booked until next April, the hotel is expected to give a substantial boost to Cartagena's tourist industry. The old walled city, fortified against attack by pirates like Sir Francis Drake, who sacked the city twice, and rich in balconies and patios, is a fascinating relic of Spanish colonial culture. Music, food and even street snacks are rooted in black slave culture, and the tropical coast seems as much African as Latin.

After pouring its resources into the Cartagena Hilton (the hotel was built by a mainly state-owned company) the CNT has recently had little available for other projects. The corporation is, however, helping fund smaller hotels in more than 20 locations and is spending a big slice of its budget on publicity both within Colombia and abroad. It also provides efficient service directly to the visitor, with a large collection of pamphlets, maps and guides and some mouth-watering posters.

The tourism tax — a 5 per cent levy on room rates—goes towards investment in infrastructure, and CNT-approved tourist establishments benefit from a negotiable Tourist Development Certificate, worth up to 15 per cent of investment costs. The CNT also has access to credit from Proexpo, Colombia's export promotion fund, and the central bank.

Visitors to Colombia spend at least 30 per cent of their average daily budget on shopping, whereas food, drink and lodging together come to less than 40 per cent. Apart from stocking up on coffee and rum at the airport, tourists are invariably dazzled by Colombia's emeralds. A trip to the mines, where prospectors and dealers bristle with machetes and revolvers, is hardly a tourist jaunt, and buying on the streets of Bogotá can produce a beautiful bargain or a worthless fake. But there are plenty of jewellers with real stones ranging from $20 a carat up to $10,000.

A very successful chain of shops has been built up by "Artesanias de Colombia," a state-owned company purchasing and marketing craftwork from small co-operatives and Indian groups all over the country. Galeria Cano sells perfect replicas of ancient gold treasures: pendants, necklaces, brooches and earrings, made by the one-time lost wax-casting process, many from pieces in Bogotá's famed Gold Museum.

Cano's jewellery lets visitors take home something of beauty and value, without re-enacting the despoliatory role of the Spanish conquistadores.

American Surveys in the FT

The following surveys ranging over countries and institutions in the Americas are planned for later this month and in March.

Canada

The country has had to cope with considerable political and economic stress and will need all its proven resilience to cope with the task of reviving a flagging growth performance.

Massachusetts

New England state which has successfully modernised and revived its economy in recent years. But a citizens' tax revolt has thrown up some fiscal problems.

Inter-American Development Bank

This agency continues to build up its funds and spread its lending programme to Europe and elsewhere.

Mexico

Rising oil output has given considerable impetus to the economy but inflation and other difficulties remain. The pace of change is putting strain on the country's infrastructure.

Wide open spaces—big potential

The Plains

SARITA KENDALL

THE ROLLING plains or "Llanos" of eastern Colombia are the territory of the frontiersman, suitable material for dreams of endless resources and adventure. The El Dorado image that led Sir Walter Raleigh to the Orinoco Basin was recently distilled by a daily TV soap opera: the credits rolled over idyllic grasslands, dappled with cattle, palm trees and handsome cowboys in sombreros.

All the romantic elements are certainly there, along with oil-rigs, marijuana fields, more than a dozen Indian nations, malaria and several guerrilla camps. There is room for much more, for the Llanos make up a quarter of Colombia's land surface but contain only 2 per cent of the population. Government funds are scarce, doled out to match the number of voters and not the area's contribution to the national food supply—as one Llanero leader has been heard to complain.

South of the Llanos the forests become denser, leading into the Amazon region, which constitutes another quarter of Colombia and borders the Amazon at Leticia.

For years the Llanos have been referred to as the country's larder, and recent developments both confirm this role and add a new dimension. The state of Meta, easily accessible to Bogota, the capital, has become Colombia's foremost rice-growing area, with good quality, high productivity and competitive costs combining to produce a crop for national and international markets. The grasslands, intermeshed with complex river networks that flood for more than half the year, are fertile only in patches, but one of these "patches" is the Ariari basin, a million hectares of rich level land awaiting cultivation; Bogotá is only a hundred miles away.

The twisting road from Bogotá to Villavicencio, the gateway town for the Llanos, is serviceable but long-promised improvements are slow to materialise. Other access routes go from Bogotá over the mountains to Yopal, the heart of beef cattle lands of Casanare, while from North Santander a road passes near the Venezuelan border into Arauca.

Because of the lack of slaughter-houses in the Llanos, cattle are shipped out in trucks to the uplands cities, with the big round-ups during the December to March dry season.

Along the foothills of the Andes the "Marginal Highway," President Belaúnde's pet project to link the whole of the Upper Amazon region from Venezuela through Colombia, Ecuador and Peru to Bolivia, is gradually taking shape. Large gaps remain in the thousand-mile-long Colombian section, but nearly half has been completed, providing a valuable route through the most densely populated part of the Llanos.

The further east from the Andes, the more scattered are the inhabitants and the more seasonal the transport. Rivers are used throughout the wet months, and rudimentary landing strips on high ground enable ranchers to visit their farms by airplane all the year round. Once December comes, tough vehicles can be driven all over the plains and farmers take salt out to their cattle pastures. The round-ups begin, animals are branded and treated for parasites and diseases, then set free to roam across the largely unfenced grassland.

Estimates of the cattle population vary between 3m and 5m head. Ranches go up to 20,000 hectares. Far out towards the Venezuelan border it takes as much as six hectares to support one animal, but nearer the mountains where the farmers have improved the quality of grazing the ratio is one to one.

In this cattle country jobs are few and cannot support the ever-growing number of highland immigrants. Many colonists farm small patches of bananas, coffee, rice and manioc, but in less than ten years the poorer soils will be exhausted. Rustling is an easy alternative in this wild country, and many land-owners employ armed farmhands to fend off gangs.

Although one of the natural markets for Llanos cattle is Venezuela, contraband exports have been cut back as a result of increased border tensions and operations against rebels and drug traffickers in the frontier regions. Colombia's southern Llanos are now home to both marijuana and coca growers, with plantations scattered across the plains producing such wealth that organised crime has taken over large areas. Cocaine laboratories are hidden along the River Guaviare, and the immensity of the region makes it easy for a light plane to land, load and take off northward unspotted.

The Llanos Cattle Federation, Fedellanos, is trying to encourage more varied agriculture, and thereby increase employment. Cocoa is one of the new crops, and African palm has recently been planted in Meta, while reafforestation is rapidly becoming a high priority.

Indian groups, driven off their traditional lands and further towards the frontier, are also anxious to gain access to loans that will allow them to produce a surplus for trade and introduce commercial crops such as cocoa. Although some groups have been granted large reserves, colonists constantly invade their land and the Indian is still treated as an outcast in his own territory.

If agriculture is the immediate source of income for the Llanos, energy will be the next—and much bigger—earner. Even cautious oilmen are now saying that the Llanos are "getting interesting" and foreign companies can be expected to become enthusiastic.

Exxon found crude in two very deep wells—below 20,000 ft—near the Venezuelan border in Arauca and is currently drilling a third to help define reserves. Occidental has also been successful in Arauca, while further south Exxon has had encouraging results in the Ariari area with a discovery that a company spokesman says "could be big by Colombian standards." Ecopetrol, the state company, has struck oil at Apiay, close to Villavicencio.

Llaneros are anxious to see a refinery built in the Llanos, should discoveries justify it, rather than have the crude pumped over the Andes to Ecopetrol's main refining centre at Barrancabermeja. This would complement plans to produce alcohol from sugar cane—and eventually from manioc—to mix with petrol. A recent study by the OAS finds that Colombia could cover 20 per cent of its fuel consumption with alcohol, and pinpoints Meta as an area with 600,000 hectares suitable for energy crops.

Yet another energy resource is awaiting development, for the Llanos have a hydro-electric potential well above any foreseeable needs—making a potent combination of foods, energy and room for growth.

Anti-narcotics police in a helicopter raid on the flourishing but illegal coca plantations in the Llanos

Financial power in a few hands

Banking

SARITA KENDALL

A SERIES of multi-million peso transactions involving some of the country's most important banks and financial corporations has triggered indignant protests against the excessive concentration of economic power in Colombia. Though legislation to limit financial operations exists—and was recently reinforced by a decree designed to stop clients borrowing in order to purchase shares in their own financial institutions—there are plenty of loopholes, both legal and illegal.

While some see the increasing centralisation of capital as a positive step in a developing country, others are highly critical of Government policy—or the lack of it—in this area. According to ex-Minister of Finance Hernando Agudelo Villa, the trend "is showing that the country is one step away from the point where four or five people handle the main controls of the economy, with the inevitable consequences of an outrageous concentration of wealth, income and personal power, destroying the democratic bases of the nation." He cites the acquisition of the insurance group Colseguros (consisting of eleven companies) and the Banco Comercial Antioqueno by the Santo Domingo Lan as an example of the concentration process.

More and more small shareholders are selling out — often at prices well above the official quote on the stock exchange — and at the beginning of 1981 less than one per cent of all shareholders had nearly 80 per cent of the shares of companies registered on the Bogota Stock Exchange. As one analyst points out, the profits to be made from recent transactions are negligible and it can only be assumed that the motive is the consolidation of economic power. Criticism of Government apathy on the problem has come from a variety of sources including organisations of bankers, architects, industrialists and farmers.

One of the most controversial aspects of the concentration process is the link between economic power and political control: the two main political parties rely on huge electoral campaign contributions from the financial groups, which in turn have major stakes in local publishing and radio and television. So far politicians—including the last two presidents—have inveighed against the evils of concentration and failed to tackle the issue. President Turbay has however said (with little enthusiasm) that there might have to be some nationalisation of banks and big companies if effective curbs cannot be devised, and at the end of last year the government pushed through measures to regulate share purchases by savings entities.

The problem has been compounded by Colombia's huge income from narcotics and the need to launder this money by feeding it into the property market, the financial sector and other areas of the economy. Even Congressmen have been accused of obtaining their seats with marijuana dollars.

The Colombian financial sector has grown spectacularly in recent years and is attracting a high proportion of new investment—much to the chagrin of industrialists and other productive groups. Although the sector as a whole has benefited from the boom, it is the newer financial organisations that have done particularly well. In 1960 the banks held 65 per cent of the assets of the financial system; now they hold less than 55 per cent.

The savings and housing corporations, launched in 1972 as part of a national strategy to boost construction and promoted partly on the basis of a built-in monetary correction factor, have over 12 per cent of all financial assets. Financial corporations have also proliferated and there are now 30, many of them based outside Bogota. Though these were originally created to foster new industrial and other ventures, by taking shares and offering long-term credit, the difficulty of obtaining such resources has pushed the corporations into predominantly short-term activities.

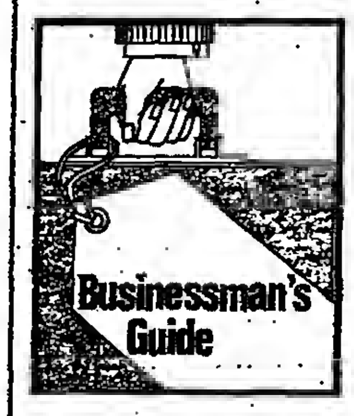
Last year was a good one for the banks, with net profits up by 44 per cent and the small- and medium-sized establishments showing the greatest dynamism. The first half of 1981 has indicated further improvement and it appears that the banks are recovering some of the activity that had slid into the "non-institutional" financial market — that is, organisations outside the legal framework—where interest rates are much higher.

Since 1977, when coffee income began to soar and monetary pressures built up, the reserve requirement for banks has been kept high and credit has been short. A "gentlemen's agreement" at the beginning of last year to try and bring interest levels down collapsed after a few months and bank rates have gone from 30 per cent in January to around 35 per cent. For the many who have to seek loans outside the establishment system, the rates go over 50 per cent—though it must be admitted that even the most respectable banks are generally making credit available under the counter at high rates.

The foreign banks, however, claim they have to keep their dealings clean, sticking to the letter of the law. Strictly speaking there are no "foreign" banks in Colombia, for a 1975 ruling forced the seven international banks operating in the country to join with Colombian groups in a 49/51 ratio. This was accomplished by increasing capital rather than by selling off shares. Now the Government has approved a measure to allow foreign shareholders to increase their investment to keep the proportion constant.

Meanwhile Colombia's biggest banks — the Banco de Colombia and the Banco de Bogota — have been expanding abroad. The Banco de Colombia recently bought the Central National Bank of Miami through a Panama subsidiary, the Banco de Colombia-Panama. The Banco de Bogota has offshoots in New York, Miami, Panama and Nassau, as well as a 40 per cent interest in the Banco de los Andes in Ecuador.

The Banco de Bogota has also been the subject of a spectacular fight for control, with large quantities of shares changing hands. After the ban by the Comision Nacional de Valores last year normal trading has been resumed. The bank remains under the control of the Bolivar group.



Climate

The climate varies considerably from one part of the country to another because of mountain ranges. In the coastal fringe and Eastern Plains (Llanos Orientales) the weather is hot and damp, but in Bogotá it is much cooler. Between these two extremes there exists every type of intermediate climate. There is little seasonal change of temperature, but December, January and February are usually the driest months. Most merchants take their holiday at this time.

Clothing

Tropical clothing is required for the coastal fringe and Eastern Plains but medium-weight clothing in nearly always necessary in Bogotá.

Health

The standard of medical attention in the principal cities is fairly high and most cities possess private hospitals or clinics with adequate facilities and well-trained doctors. There is the usual attendant risk of intestinal infections in the sub-tropical zones; it is therefore inadvisable to drink unboiled water when visiting these areas. Because of the altitude some discomfort—insomnia, shortness of breath, dizziness—may be experienced by visitors to Bogotá during the first few days. Persons who have a history of lung or heart complaints are advised to consult their doctor before going to Bogotá.

All persons entering Colombia must produce a valid International Certificate of vaccination against smallpox. A yellow fever certificate is also required if the visitor has come from an infected area.

Currency

The unit is the Peso ($) divided into 100 centavos. Coins in circulation are in denominations of 10, 20, 25 and 50 centavos and 1, 2 and 5 pesos; notes are in denominations of 5, 10, 20, 50, 100, 200 and 500 pesos. Business visitors are advised to consult their banks for the current rate of exchange.

Language

The language of the country is Spanish but English is widely understood by Colombian businessmen and there is usually someone in the main business houses who can speak English.

Hours of business

Commercial firms:
generally 08.00 to 12.00; 14.00 to 17.30 or 18.00 Monday to Friday.

Government Offices:
08.00 to 15.00 but officials prefer to do business with the public from 10.30 onwards.

Banks:
09.00 to 15.00 Monday to Friday.

Shops:
09.00 to 12.30; 14.30 to 18.30 Monday to Saturday.

British Embassy:
09.00 to 12.00; 14.00 to 17.00 Monday to Friday.

Air Travel to Colombia

There are four international airports: Bogotá's El Dorado, Barranquilla's Soledad, Cali's Palmaseca and Medellín's Olaya Herrera, which are 6, 9, 11 and 4 miles respectively from their city centres.

Direct services from London to Bogotá are operated once a week by British Caledonian; Avianca and Viasa. Other international airlines run services from London with transfer connections at Paris, Madrid, Miami and Panama. There are direct services to Bogotá from the main business centres of South and Central America as well as from New York and the more important Caribbean islands.

All air tickets bought in Colombia for destinations outside the country are liable to total taxes of 11 per cent on one way tickets and 5½ per cent on return tickets. An airport tax of US$10 is payable on departure by all travellers who have remained in the country for more than 24 hours.

Air Travel in Colombia

There are frequent air services between Bogotá and most of the important centres. Visitors entering Colombia by sea via Barranquilla and Cartagena can proceed to Bogotá direct by air. Those entering via Buenaventura can proceed to Cali and then to all parts of the country by air.

The major Colombian air companies are Avianca, Sam and Aerocondor. There is an airport charge of Ps25 on internal flights but this is included in the cost of the ticket.

Banks

Banking activities are supervised by the Banking Superintendency which acts in accordance with detailed Governmental legislation.

The Bank of the Republic (Banco de la República) is the central bank for issues, drafts, deposits and discounts.

The main Colombian commercial banks are the Banco de Colombia, Banco de Bogotá, Banco del Comercio (associated with the Chase Manhattan Group), Banco Cafetero, Banco Nacional and the Banco Industrial Colombiano.

Foreign commercial banks operating in Colombia include:

Banco Anglo Colombiano:
head office in Bogotá and branches in Barranquilla, Bucaramanga, Cali, Manizales, Medelin, Pasto and Pereira.

Banco Royal Colombiano:
head office in Bogotá and branches in Barranquilla, Cali, Cartagena and Medellín.

Banco Colombo-Americano:
offices in Bogotá, Barranquilla, Cali and Medellín.

Banco Internacional de Colombia:
offices in Bogotá, Barranquilla, Bucaramanga, Cali, Cartagena, Medellín and Pereira.

Banco Franco-Colombiano (a member of the Banque Nacional de Paris group):
offices in Bogotá, Barranquilla, Buenaventura, Cali and Medellín.

Banco Francés e Italiano Para La América del Sud:
head office in Bogotá, and branches in Barranquilla, Cali, Manizales and Medellín.

HOTELS

Bogota

Bogota Hilton, Carrera 7 No. 32-16. Tel.: 285 6020.

Tequendama, Calle 26 No. 10-42. Tel.: 282 9066.

Bacata Calle 19 No. 5-32. Tel.: 243 9020.

Dann, Calle 19 No. 5-72. Tel.: 281 0540.

Continental, Avienda Jimenez No. 4-16. Tel.: 282 1100.

Barranquilla

El Prado, Carrera 54 No. 70-10. Tel.: 45 6533.

Royal Lebolo, Carrera 54 No. 68-124. Tel.: 35 7800.

Caribana, Carrer 41 No. 40-02. Tel.: 41 4277.

Cali

Intercontinental, Avienda Colombia No. 2-72. Tel.: 81 3811.

Petecuy, Carrera 9 No. 15-83. Tel.: 89 3031.

Americana, Carrera 4 No. 8-73. Tel.: 89 3171.

Aristi, Carrera 9 No. 10-04. Tel.: 80 2141.

Medellin

Intercontinental, Variante Las Palmas. Tel.: 46 0680.

Nutibara, Calle 52a No. 50-46. Tel.: 31 9111.

Veracruz, Carrera 50 No. 54-18. Tel.: 31 5511.

Restaurants

There are some good restaurants in the main cities in addition to those in hotels. An adequate set lunch can be obtained for about Ps 300 and a dinner for about Ps 600. The type of meal offered by a business visitor to a prospective customer will cost between Ps 400 and Ps 700 per person excluding wine.

Gold futures opening set

BY JOHN EDWARDS, COMMODITIES EDITOR

APRIL 19 is the official opening date for the planned London gold futures market, it was announced yesterday. The first gold futures in the European time zone, it will complete the 24-hour trading cycle.

Keith Smith, chairman of the market, which is jointly sponsored by the London bullion brokers and the London Metal Exchange, said the delay in opening until after Easter would provide a period for training personnel and traders.

He pointed out that the gold futures market will be run on the lines of the "soft" (non-metal) commodity contracts, with continuous trading all day through a central clearing house (the revamped International Commodities Clearing House).

Very different from the London Metal Exchange where "ring" dealing for each metal lasts for only short bursts and the members act as principals to all trade.

Confirming the earlier decision to trade gold futures in sterling, Mr Smith said it remained their view that the market would be more successful this way than trading in dollars. He noted that although present gold prices were depressed, there was a fair amount of trading activity and this did not normally diminish during the summer months in the same way as for industrial metals.

The market was originally planned to start on September 7 last year, but the launch was postponed after it was decided to move to new premises in Plantation House, Fenchurch Street, and increase the "floor" trading membership to 38 in order to include additional companies to the 31 seats allocated to bullion brokers and members of the London Metal Exchange. In spite of the unpopularity of sterling, instead of dollar contracts, the offering of the 38 seats at £55,000 each in December was oversubscribed.

U.S. futures watchdog scrutinised

By Nancy Dunne in Washington

EFFORTS BY the Commodities Futures Trading Commission to improve its review of industry self-regulation came under scrutiny yesterday just five days before the regulatory agency is due to begin the gruelling process of Congressional re-authorisation.

Preliminary findings by the general accounting office, GAO, a congressional investigatory agency, indicate "numerous improvements" have been made since 1978 in the commission's surveillance of exchange self regulation. However, the GAO found several weaknesses still exist in its watchdog functions.

"It concerns that the commission continues to approve expansion of trading before it more fully develops its monitoring, evaluation and enforcement programmes to protect the integrity of existing trading," Mr Henry Eschwege, a GAO official, told a House subcommittee yesterday. The GAO report recommends:

- Making approval of new contracts contingent on adequate rule enforcement.
- More systematic follow up, improved evaluation criteria and continuation of comprehensive reviews of self regulatory programmes.
- Reviewing new contracts after they have been approved.
- Introduction of a fee to cover the cost of contract approval.
- Improvement of the commission's data collection and processing systems to upgrade market surveillance.

Malaysia stands by tin producer group

BY RICHARD COWPER IN JAKARTA

MALAYSIA YESTERDAY made it clear that it would like to see a tin producers' association formed regardless of whether or not the world's tin consumers ratified the new international tin agreement.

Datuk Musa Hitam, deputy Prime Minister, said it was not Malaysia's intention to set up a tin cartel, nor to look for a fight with consuming countries. But he said events on the tin market over the last few years had made it necessary to look at things afresh.

Datuk Musa said they would soon be consulting Thailand and Bolivia on Malaysia's proposal for a tin producers' association.

In public at least he refused to be put off by Indonesia's lukewarm response to the proposal. "The Indonesian government, as I understand it," said that it would look into the proposal. That is important for us.

"We will be presenting a working paper soon on the structure of such an association to Indonesia and Thailand," he added.

Our Commodities Editor writes: Cash tin was freely offered in trading on the London Metal Exchange yesterday, when some big "short" (sale) positions needed to be covered. Large tonnages were trade at, or close to, the £120 a tonne premium set by the London Metal Exchange earlier this month for cash tin, for delivery the following day.

The main concern is still centred on positions outstanding for February 25 and 26, but the increased offerings of cash tin by the influential group controlling the bulk of available supplies has raised hopes that a crisis will be avoided and orderly trading maintained.

Other metals were depressed by the fall in gold, triggered off by the rise in U.S. interest rates. Especially badly hit for the second day running was nickel, where selling was encouraged by reports of U.S. producers switching to the lower free market quotations.

Year end completion for stockpile study

WASHINGTON—U.S. Administration officials said that it will be the end of the year before the comprehensive study is completed on goals for various strategic materials held in the U.S. stockpile.

Earlier, the Administration had planned to complete the study by the middle of 1982.

The officials said the law requires a review of the goals every four years to determine how much of the individual materials would be needed for defence and industrial production in the event of a war. Reuter

Dutch gas compromise hopes rise

By Charles Batchelor

AN EEC compromise proposal to increase the price paid by Dutch glasshouse growers for their heating gas could end several years of wrangling between the Community and the growers.

The Dutch Agricultural Board, which represents the industry, believes the EEC plan offers prospects for an agreement, the board said yesterday.

The proposal, put forward by the Danes at this week's Agricultural Council, is that the Dutch growers should bring the price they pay for heating gas to within 10 per cent of the industrial tariff by October and achieve complete parity by April 1983.

The EEC Commission had previously insisted that prices be brought into line by October 1982, while the Dutch growers had set themselves a deadline of October 1984.

The five-man executive committee of the Agricultural Board in Holland is hopeful of agreement after meeting Dutch Agriculture Minister, Mr Jan de Koning, to hear details of the EEC proposal. But it still has to secure the agreement of the Dutch growers, who will be asked for their views over the next few days.

Mr de Koning stressed the dangers of retaliatory action from other EEC countries against Dutch agricultural exports unless quick action is taken, the board said.

Richard Mooney adds: Though they will be pleased that the Dutch appear willing to compromise on this matter, British growers are not likely to see the latest proposal as an acceptable solution unless extra aid is made available to close the remaining gas price gap.

Dutch aim to boost bacon sales to UK

By Our Commodities Staff

DUTCH bacon producers are aiming to increase their share of the British market.

Last year Dutch sales totalled 50,000 tonnes, or 10.5 per cent of the market. But Mr Jan Mink, chairman of the Dutch bacon exporters' association, said in London yesterday that they aimed to boost this to 12.5 per cent this year.

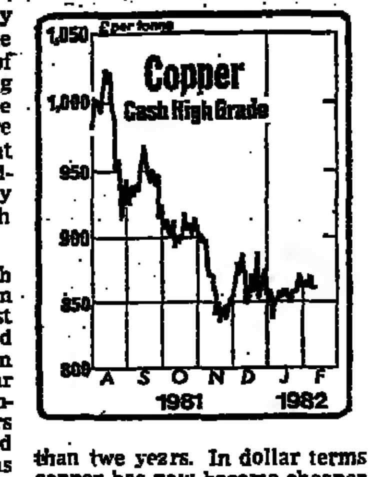
"Competition in the market is rather heavy, but the Dutch are concentrating on high quality and a high lean-to-fat ratio," he said.

MARKET PROFILE: COPPER

Producer cuts halt price slide

BY ROY HODSON

COPPER producers in many countries are being forced to cut output after two years of falling demand and declining prices. There is no sign of the trend reversing yet and there is a widespread feeling that copper will stay in the doldrums until the U.S. economy is proved to be on the march again.



Indeed, the only bullish factor is the wave of production cuts. The trimming started last year with suspensions and closures of copper facilities in producing countries as far apart as the Philippines, Zambia, and Canada. U.S. producers hung on as long as they could but since the regular Christmas shut-downs at the end of last year a great deal of American capacity has been withdrawn either temporarily or permanently.

U.S. production could be down by more than 100,000 tonnes this year—a 10 per cent overall cut.

Until recently copper prices continued to slide seemingly oblivious of producers' efforts to cut output. The price for cash copper traded on the London Metal Exchange, expressed in dollar terms, plummeted from round 130 cents a pound to under 80 cents a pound in less than two years. In dollar terms copper has now become cheaper than most traders can remember.

But the North American production cuts of this winter are now starting to have some impact upon trading. There is a feeling that action by producers is putting a poor copper market back into some sort of balance. The market is not now wildly over-supplied. The Commodities Research Unit of London and New York calculates that a modest rise in world copper consumption of only 1.5 per cent would be enough to bring about a deficit in copper supplies.

Whether a modest rise in demand would be enough to send copper prices climbing again is, however, quite another matter.

Market observers who were freely speculating some months back that the LME cash price could easily rise from the present level of under £900 a tonne to the £1,500 to £2,000 a tonne range by the end of this year, are now showing much more caution. The market has been moving within a very narrow range recently. It could be bumping along the bottom. But when, and by how much it will rise, are matters best left to soothsayers.

No large scale new copper production projects are due to come on-stream this year. The actual growth in capacity is expected to be about half the level of 1981 and about half the projected level of 1983. Thus the industry is in an exceptionally good position to balance supply and demand and to firm up prices. But it should not be forgotten that many hundreds of thousands of tonnes of idle production capacity could also be brought back into use quickly and cheaply should the market for copper improve. That threat will continue to overhang the markets.

The non-Communist world uses between 7m and 7.5m tonnes of copper a year. After production peaked at the higher figure three years ago, it has falleo steadily by up to 3 per cent a year since. Western world stocks now equal about 20 per cent of annual output. That is a significant stocks level but it is not powerful enough to distort the market for long should demand show definite signs of revival.

Very few copper producers are making money with prices standing at the current level. It is one of the more extraordinary facets of the industry that so many producers are in the red but prices nevertheless stick at historically low levels. Analysts

The view of London traders is that unlike some other base metals, copper is governed primarily by industrial demand rather than trading activities. They expect industry's need for copper to rise by much more than that 1.5 per cent difference between production and consumption early in any new trading boom. When that happens they also expect a bull market for copper to emerge. One dealer in London summed up his view of the copper market: "We believe the long-term situation for copper is encouraging and those with patience will be rewarded."

FARMERS' VIEWPOINT: FISH FARMING

Clouds over the rainbow

In recent years, fish farming, particularly for table trout, has been a growth industry. Everyone with a bit of river or even a pond has been tempted to have a go with the predictable result that expectations have not all been realised.

I say predictable because in all forms of food production there are two external truths which are disregarded at one's peril. One is that markets become over supplied and prices fal, or at any rate fail to rise. The other is that diseases invariably strike at any great concentration of livestock, be they fish, fowl or animal.

The present threat to fish farming is from whirling disease. This attacks small trout in the first few weeks after hatching and the symptoms are that they turn around in circles and eventually die. It is associated with ponds or stews with muddy bottoms. Fish being reared in concrete or steel tanks don't seem to be affected.

A proportion of the infected fish survive and can reach maturity. These fish are harmless for human consumption, but can be carriers of the disease. So far there have been a number of confirmed and suspected cases in differing parts of the country and any fish downstream of an outbreak are at risk from infection.

The disease is said to be a new one, although some fish farmers claim to have seen it before.

But it is a serious matter, because sales of live fish for stocking sporting waters are an important alternative outlet to the table market, which is showing signs of becoming over-supplied. Prices have not risen significantly over the last three or four years, and in some cases have actually fallen.

In addition, trout have a luxury image which makes for a difficult market in the present recession, although producers are trying to counter this by emphasising the nutritional advantages of fish. Because of over-production of the small trout (normally about ¼ lb) some fish farmers are keeping them to great weights both with a view to supplying what they call the family market, ie one fish to feed a whole family, or for smoking.

There is a demand from the Continent for large smoked trout as an alternative to salmon. If there is much expansion in this direction, there could be repercussions on the burgeoning salmon farming industry which has not found the going easy as production here and overseas has risen.

Fish have, on paper, the best food conversion rates of any farmed creature, one pound liveweight gain for every pound of feed. But in practice this is not, I am told, very easy to achieve.

Most of the reared fish are rainbow trout, originally from North America. They are much quicker growing than brown trout which are native to British streams and rivers. Brown trout are however much favoured by purist anglers who are prepared to pay a premium for them over the rainbows for stocking their streams.

One reason for their popularity is that brown trout will in general live longer than rainbows, particularly in British winter conditions, and they will also breed where conditions are favourable.

There is also a certain snob value attached to catching brown trout as opposed to rainbow. As an angler myself I have found that in general brown trout are not as voracious as rainbow trout can be, and are rather harder to catch in consequence.

John Cherrington

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL prices were generally a little weaker on the London Metal Exchange in line with precious metal prices. Cash Tin came under pressure and fell to £8,860 before the market realised how tight supplies were, and the price rallied to £8,900, with forward material closing at £7,860. Copper was finally £882, Lead £340, Zinc £439.5, Aluminium £605.5 and Nickel £3,072.5 after a low of £3,065.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Higher grade	£	£	£	£
Cash	867-.5	—11	868-.5	—5
3 months	887-.5	—7	891.5-2	—5
Settlem't	867.0	—11	—	
Cathodes				
Cash	854-.5	—9.5	858-60	+3.75
3 months	882.5-3	—7.25	886-.5	—5.5
Settlem't	856.9	—8	—	
U.S. Prod.	—		*73.5-82	

Amalgamated Metal Trading reported that in the morning high grade cash copper traded at £869.00, 68.00, 67.50, 68.00, 87.50, 87.00. Cathodes, three months £882.00. Kerb—Higher grade, three months £887.50, 87.00, 87.50, 88.00, 88.50. Afternoon: Higher grade, three months £890.00, 91.00, 91.50, 91.00, 93.60, 92.50, 91.50. Kerb Higher grade, three months £891.00, 91.50, 92.00, 91.50, 91.00, 92.00. Turnover: 30,950 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	325-.6	—5	329-30	—
3 months	335-.5	—5.5	340-.6	—.375
Settlem't	325.5	—6	—	......
U.S. Spot	—	......	*38	......

Lead—Morning: Cash £325.00, three months £335.00, 36.00, 35.50, 36.00, 35.00, 36.00. Kerb: Three months £335.00, 35.50, 36.00, 37.00. Afternoon: Three months £338.00, 39.00, 38.50, 39.00, 40.00. Kerb: Three months £340.00, 41.00, 40.00. Turnover: 10,900 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8865-85	—45	8880-900	......
3 months	7890-900	—15	7870-80	—60
Settlem't	8885	—65	—	
Standard				
Cash	8855-85	—45	8880-900	......
3 months	7890-900	+7.5	7870-80	—15
Settlem't	8885	—65	—	
Straits E.	$M32.40	—0.10	—	
New York	—			

Tin—Morning: Standard, cash £8,930, 10, 8,900, 8,890, 8,860, 50; three months £7,850, 30, 40, 50, 60, 70, 80, 70, 7,900. Kerb: Standard, cash £8,890, three months £7,880. Afternoon: Standard, cash £8,900, three months £7,890, 7,895, 70. Kerb: Standard, cash £8,890, three months £7,850. Turnover: 4,000 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	433-.4	—7.75	438-.5	—6.5
3 months	434-35	—5.25	440-1	—5.25
Settlem't	434	—7.5	—	
Primw'ts	—		*42.75-3.75	

Zinc—Morning: Early March £437.00, three months £436.00, 37.00, 37.50, 39.00, 38.50, 39.00, 38.50, 38.00. Kerb: Three months £438.00, 38.50, 39.00, 40.00, 39.00, 38.00, 39.00. Afternoon: Three months £440.00, 39.50, 39.00, 39.00, 39.5, 40.00. Kerb: Three months £44.00, 39.50, 40.00, 41.00. Turnover: 15,300 tonnes.

Aluminium—Morning: Three months £604.50, 04.00, 03.00, 03.50. Kerb: Three months £604.00. Afternoon: Cash £585.00, three months £606.00, 05.50. Kerb: Three months £605.50, 06.50, 07.00, 06.50, 06.00. Turnover: 16,425 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	581.5-2.0	—5.5	584-.0	—4
3 months	603-.5	—5	605.5-6	—3

Nickel—Morning: Early March £3,066, three months £3,080, 75, 70, 65, 70, 75, 80, 85, 80, 85, 70, 80. Kerb: Three months £3,085. Afternoon: Cash £3,060, three months £3,080, 75, 80, 70. Kerb: Three months £3,080, 85, 80. Turnover: 798 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3050-60	—22.5	3060-5	—12.5
3 months	3080-5	—15	3075-80	—10

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 11.65p an ounce lower for spot delivery in the London bullion market yesterday at 447.55p. U.S. cent equivalents of the fixing levels were: spot 823.3c, down 18.7c; three-month 850.7c, down 20.5c; six-month 883.7c, down 20.8c; and 12-month 954.5c, down 24.5c. The metal opened at 455-459p (840-845c) and closed at 447-451p (824-829c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	447.55p	—11.3	448.5p	—5.75
3 months	462.55p	—12.4	463.75p	—6.25
6 months	478.25p	—12.8	—	......
12 months	510.30p	—13.8	—	......

LME—Turnover 148 (125) lots of 10,000 ozs. Morning: Three months 464.0, 63.5, 64.8, 64.5, 64.2, 64.0, 64.5, 63.0, 63.5, 63.0. Kerb: Nil. Afternoon: Three months 465.0, 64.5, 64.0, 63.5. Kerb: Three months 465.0, 64.0, 63.5.

COCOA

Trade and commission house liquidation of longs caused prices to ease but losses were later pared as further offtake among the industry appeared. Producers remained withdrawn at present levels, reported Gill and Duffus.

COCOA	Yes'rdey's Close	+ or —	Business Done
March	1187-88	—14.0	1201-177
May	1157-58	—10.0	1166-47
July	1171-75	—7.0	1175-58
Sept.	1184-85	—6.0	1125-70
Dec.	1196-97	—8.0	1303-89
March	1210-13	—10.0	1218-09
May	1210-83	—14.5	1220

Sales: 3,139 (1,280) lots of 10 tonnes.

ICCO—Daily price fob Feb 18: 95.15 (95.21); Indicator price for Feb 18: 95.14 (85.29).

COFFEE

General dealer liquidation lowered prices after an expected lower opening, reports Drexel Burnham Lambert. Trade scale down support was evident throughout the day although activity was somewhat subdued. Values retreated again as commission house selling produced a weaker close.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1389-90	—13.0	1400-81
May	1308-10	—28.5	1325-05
July	1801-62	—10.5	1275-56
Sept.	1259-40	—2.0	1253-27
Nov.	1210-10	—2.5	1228-07
January	1210-20	+15.0	—
March	1191-12	+9.5	—

Sales: 4,565 (4,942) lots of 5 tonnes.

ICO Indicator prices for February 17 (U.S. cents per pound). Comp. daily 1979 138.39 (138.44): 15-day average 132.65 (131.73).

WOOL FUTURES

BRADFORD—New Zealand crossbred tops registered an unexpected lift in prices at Invercargill. The sharp increases in crossbred futures prices also injected more life into a fairly dull sector.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business). New Zealand cents per kg. March 390, 393.5, 393; May 402, 406, 414-400; Aug 415, 424, 428-417; Oct 418, 425, 430-418; Dec 426, 430, 435-420; Jan 428, 431, 435-422; March 429, 435, 442-431; May 438, 445, 451-441; Aug 440, 455, 462-450. Sales: 180.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 511.5, 512.0, 512.0-509.0; May 522.0, 522.5, 523.0-518.0; July 528.5, 530.0, 529.0-526.0; Oct 534.0, 535.0, 535.0-522.0; Dec 538.0, 539.0, 539.0-535.0; March 534.5, 535.0, 535.0-533.0; May 538.0, 540.0, 540.0-539.0; July 544.5, 545.0, 545.0-544.0. Sales: 505.

GAS OIL FUTURES

Prices initially drifted downward in very thin conditions. After the U.S. opened [illegible] the market [illegible] as New York firmed, reports Premier Man.

Month	Yesterday's close	+ or —	Business Done
	$ U.S. per tonne		
February	280.00	—3.50	281.00-78.00
March	271.50	+0.25	272.00-68.00
April	264.50	—5.00	265.00-62.00
May	263.00	—1.75	264.00-61.00
June	263.00	—3.50	264.00-61.00
July	264.00	—2.50	265.00
August	271.00	—3.00	272.00-70.00
Sept.	274.50	—2.00	—
Oct.	579.75	—0.25	—

Turnover: 1,225 (1,379) lots of 100 tonnes.

GRAINS

The market generally unchanged. Liquidations of spot positions helped weaken the market, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
Mar.	110.95	—0.10	107.00	—0.05
May	114.55	—0.15	110.25	+0.15
July	118.15	—0.05	—	—
Sept.	106.90	—0.05	102.60	—0.05
Nov.	110.55	—0.10	106.40	—0.10
Jan.	114.40	—0.10	110.80	—0.10

Business done—Wheat: March 111.15-110.95, May 114.75-114.60, July 118.25-112.10, Sept 106.90 only, Nov 110.65 only, Jan no trades. Sales: 177 lots of 100 tonnes. Barley: March 107.15-107.00, May 110.25-110.15, Sept 102.60 only, Nov 106.40 only, Jan no trades. Sales: 189 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Other milling wheat: N West 111.00. Feed barley: S East 105.80, E West 106.00, W Mids 107.70, N West 106.90. The UK Monetary Coefficient for the week beginning Monday February 22 is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 14 per cent: Feb 120.25, March 121.00, April 111.50 transhipment East Coast seller. U.S. Hard Winter, 13½ per cent: March 117.00 transhipment East Coast quoted. English Feed, fob: March 116, April/June 112.50 East Coast sellers. Maize: French: March 133.50 sellers transhipment East Coast. South African Yellow: April 80.50 quoted. Barley: English Feed, fob: Feb 112.00 Bristol Channel, March 112.00 East Coast and 113.00 South Coast. Sept 106.00 East Coast. Oct/Dec 110.00 East Coast sellers. Rest unquoted.

COTTON

LIVERPOOL—Spot and shipment sales were confined to 2 tonnes. Very restricted operations occurred, users being wary of the trend of raw material prices. Inquiry covered a fair range of growths, but only scattered interest was shown in Middle Eastern qualities.

POTATOES

LONDON POTATO FUTURES—The upward trend continued, furthered by Amsterdam strength. The market closed steady with new crop remaining quiet, reports Coley and Harper. Closing prices: April 137.80, +3.70 (high 138.00, low 136.00); Nov 66.90, +0.30 (high 66.90, low 66.60); Feb 76.90, —0.20, untraded. Turnover: 943 (411) lots of 40 tonnes.

RUBBER

The London physical market opened easier, attracted little interest throughout the day and closed neglected. Lewis and Peat recorded a March fob price for No. 1 RSS in Kuala Lumpur of 201.5 (203.5) cents a kg and SMR 20 179.5 (180.5).

No. 1 R.S.S.	Yest'rys close	Previous close	Business Done
Mar.	44.00-44.40	44.00-45.00	44.80
Apr.	[illegible]	[illegible]	—
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]

Sales: 523 (591) lots of 15 tonnes, 8 (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 42.50p (43.00p); March 48.00p (48.50p); April 48.00p (48.75p).

SOYABEAN MEAL

The market opened slightly easier, reports T. G. Roddick, and traded within a narrow range throughout the day.

	Yesterday's Close	+ or —	Business Done
	£ per tonne		
February	119.00-20.0	—0.15	[illegible]
April	121.30-21.5	—0.15	[illegible]
June	123.50-23.6	—0.20	[illegible]
August	125.00-25.5	—0.10	[illegible]
October	129.50-29.8	—0.15	—
Dec.	130.00-31.0	—0.25	—
Feb.	131.00-33.0	—0.50	—

Sales: 128 (94) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £178.00 (£177.00) a tonne cif for March-April shipment. White sugar daily price £183.00 (same).

Renewed selling interest found few buyers and prices fell, reports C. Czarnikow.

No. 4 Con-tract	Yesterday's close	Previous close	Business done
	£ per tonne		
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: 4,525 (4,251) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £287.0 (£285.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Feb 17: Daily price 13.59 (13.43); 15-day average 13.23 (13.24).

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 86.3 to 89.0. Veal: Dutch hinds and ends 117.0 to 125.0. Lamb: English small 81.3 to 87.7, medium 78.0 to 85.5, heavy 74.0 to 82.0; Scottish heavy 74.0 to 82.0. Imported: New Zealand PL 66.5 to 67.0, PM 66.5 to 67.0, YL 65.0 to 65.5. Pork: English, under 100 lb 42.0 to 55.0, 100-120 lb 45.0 to 55.5, 120-160 lb 41.5 to 53.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 101.37p per kg lw (+0.56). UK—Sheep 204.54p per kg est dcw (+5.64). GB—Pigs 78.20p per kg lw (—2.50).

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. Imported Produce: [illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 18 1982	+ or —	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt	$1060/1075		$1120/1150
Copper			
Cash h grade	£862.5	—5	£836.75
3 mths	£887.25	—7	£866.25
Cash Cathode	£858	—5.75	£855.25
3 mths	£880.75	—5.5	£864.5
Gold troy oz	$369.75	—6.75	$377.75
Lead Cash	£329.5	—5	[illegible]
3 mths	£340.25	—5.625	[illegible]
Nickel	[illegible]		[illegible]
Free Mkt	[illegible]		[illegible]
Platin'm oz'y	£260		£260
Free Mkt	£193.45	—3.35	£192.75
Quicksilver†	[illegible]		[illegible]
Silver troy oz	447.55p	—11.65	[illegible]
3 mths	462.55p	—12.40	[illegible]
Tin Cash	£8885	—65	[illegible]
3 mths	£7875	—60	[illegible]
Tungsten	[illegible]		[illegible]
Wolfram 22.04lb	[illegible]		[illegible]
Zinc Cash	£433.5	—4	[illegible]
3 mths	£440.5	—5.5	[illegible]
Producers	$875/950		$875/950
Oils			
Coconut (Phil)	$550w		$550
Groundnut	[illegible]		
Linseed Crude	[illegible]		
Palm Malayan	$537.5x	—2.5	[illegible]
Seeds			
Copra Phil	$355w		[illegible]
Soyabean (U.S.)	$265	—1	$271
Grains			
Barley Fut. Mar	£110.25	+0.15	£108.90
Maize	£133.50		£133.50
Wheat Fut. Mar	£110.95	—0.10	[illegible]
No.2 Hard Wint	[illegible]		£116.50
Other commodities			
Cocoa ship't*	£1193	—10	£1271
Future May	£1157.5	—10	£1303
Coffee Ft May	£1308.5	—26.5	[illegible]
Cotton A.index	[illegible]		[illegible]
Gas Oil Mar	$271.5	+0.25	[illegible]
Rubber kilo	48p	—0.5	[illegible]
Sugar (Raw)	£178x		[illegible]
Woolt'ps 64s	[illegible]		[illegible]

‡ Unquoted. v April. y April-May. w Feb-March. x March. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

[illegible]

NEW YORK, February 18. Precious metals weakened on rumours of Soviet sales in London. [illegible]

CHICAGO, February 17. [illegible]

Wednesday's closing prices

[illegible]

EUROPEAN MARKETS

ROTTERDAM, February 18. Wheat—(U.S. $ per tonne): [illegible]

Maize—(U.S. $ per tonne): [illegible]

Soyabeans—(U.S. $ per tonne): [illegible]

Soyameal—(U.S. $ per tonne): [illegible]

PARIS, Feb 18. Cocoa—(FFr per 100 kg): [illegible] Sales at call: 3.

Sugar—(FFr per tonne): [illegible] Sales at call: 10.

INDICES

FINANCIAL TIMES

Feb. 17	Feb. 16	Month ago	Year ago
247.54	248.70	250.30	254.17

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Feb. 17	Feb. 18	Month ago	Year ago
Spot	128.76	128.59	133.94	—
Futr's	138.20	136.14	128.52	—

(Base: December 31 1974=100)

MOODY'S

Feb. 17	Feb. 16	Month ago	Year ago
1012.0	1003.5	1001.7	1461.0

(December 31, 1931=100)

REUTERS

Feb. 18	Feb. 17	M'th ago	Year ago
1015.7	[illegible]	1614.8	[illegible]

(Base: September 18, 1931=100)

[illegible]

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.70, codlings £3.00-£4.20. Large haddock £5.20, medium £5.20, small £3.60-£4.20. Large plaice £4.00, medium £4.50, best small £2.60-£4.00. Skinned dogfish, medium, £7.60. Lemon soles, medium, £14.00. Saithe £2.20-£2.70.

Gilts set pace again and close at day's highest

Equity trade affected by big Amersham application

Account Dealing Dates Option *First Dealings	Declarations	Last Dealings	Account Day
Jan 25	Feb 11	Feb 12	Feb 22
Feb 15	Feb 25	Feb 26	Mar 8
Mar 1	Mar 11	Mar 12	Mar 22

* "New time" dealings may take place from 9.30 am two business days earlier.

Investors continued to ignore rising U.S. interest rates, choosing to believe the trend to be only temporary, and committed fresh funds yesterday to Government securities. The emphasis remained on longer-dated issues and, despite the strong feeling that shortages of specific stocks had been partially relieved by the authorities, this end of the market extended its recent good run.

Unfounded reports that President Reagan had agreed to reduce the projected U.S. budget deficit boosted sentiment. The later prediction by Murray Weidenbaum, chairman of the President's Council of Economic Advisers, that the U.S. economy would recover strongly in the latter part of 1982 lifted U.S. bond prices and ensured a continuation of the advance in Gilts after the official close.

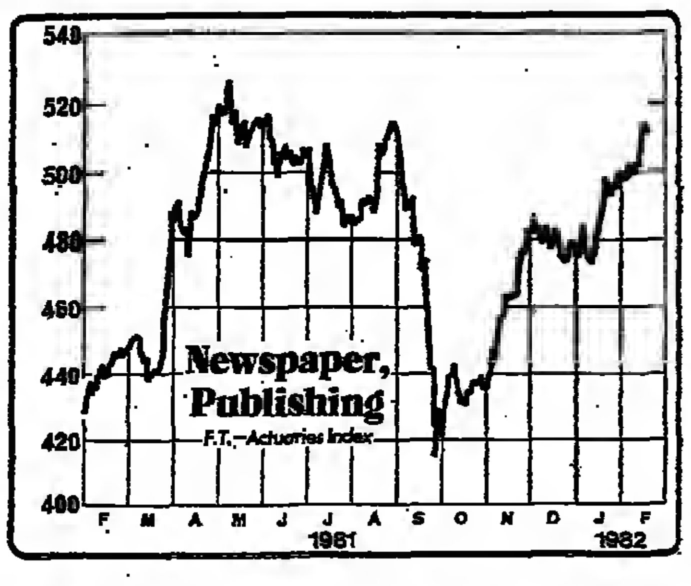
Some high-coupon longs had gains stretched to ⅞ with Exchequer 15 per cent 1997 finally settling that amount up at 103⅞ as against 103¼ at 3.30 pm. Still restrained by the tap stock, the shorts managed improvements of only ¼ but the sector has recently attracted sufficient demand to generate expectations that the Government will bid for tap supplies this morning. The FT Government Securities index gained 0.21 to 65.55—its highest for nearly eight months.

Equities started promisingly but institutional investors remained largely uninterested, having probably reserved substantial funds for the Amersham flotation. This was massively oversubscribed, but marked disruption in money markets was smoothed over by the authorities. ICI soon became the focal point, turning easier as some short-term holders took recent profits and prompting a general market downturn.

A rise of 1.6 in the FT Industrial Ordinary share index at 10 am was transformed into a loss of 3.3 by 3 pm before firmer Wall Street advices encouraged some recovery after-hours; the index closed a net 1.4 down at 566.2. Speculative enthusiasm for situation issues lessened.

Eagle Star easier

The announcement that the group has extended its stake in the French company L'Independance to 70 per cent disappointed recent speculators on bid hopes in Eagle Star and the shares, after having touched a new peak of 390p in the early trade on talk that the German Allianz Group had sold its near-30 per cent stake in E.S. to a UK insurance concern, reacted on profit-taking to close a net 6 down at 378p. Elsewhere in Insurance Composites, Sun Alliance improved 4 to 910p but Commercial Union relinquished 2 to 133p; the latter's annual figures are due on Tuesday.



Sporadic offerings in the wake of adverse comment clipped 7 from Midland Bank at 333p. Other major clearers held quietly firm with Lloyd's holding at 470p awaiting today's preliminary results. Elsewhere, Goode Durrant and Murray advanced 5 to 41p in response to better-than-expected results. Minster Assets, 73p, and Guinness Peat, 70p, rose 3 and 2 respectively. Down 42 the previous day on the poor preliminary figures, Gillett Bros. Discount eased further to 130p before rallying to finish a net 3 up at 143p.

Concern about the company's Mexican interests following the sharp depreciation of the peso prompted dullness in Blue Circle which dropped 13 to 496p. Elsewhere in leading Buildings, Redland firmed 4 to 181p. Cakebread Robey A attracted revived speculative interest and put on 5 to 47p, while Crouch Group, a thin market, gained 6 to 110p.

After touching 346p in early dealings, ICI drifted back to 336p on lack of follow-through support before closing a net 6 down at 338p. Among other Chemicals, Croda International eased 2 to 80p and the Deferred a penny to 52p; Burmah Oil's bid for the company has been extended until February 25. Burmah rose 5 to 113p. Small buying lifted Plysu 5 to 112p, but William Ransom shed 2 to 238p on disappointment with the interim results.

Goodman Bros lower

The board's denial of any bid development induced profit-taking in Wednesday's high-flier, Goodman Brothers which, at 18p, lost half of that day's rise of 10. Other secondary Stores closed mixed. Combined English found support and put on 3 to 38p, while similar improvements were seen in Evans and Owen, 98p, and Owen and Owen, 230p. Alfred Preedy lost 4 at 66p and R. and J. Pullmann 3 at 46p. The leaders were inclined harder but the volume of business was small. Burton stood out with a rise of 4 at 158p and Gussies A added 5 at 480p. Newbold and Burton featured Shoes with a rise of 4 to 53p in response to satisfactory preliminary results.

Leading Electricals plotted an irregular course in thin trading. Thorn EMI put on 5 to 468p and GEC hardened a few pence to 833p. Racal softened 2 to 368p as did Plessey, to 368p; the latter's third-quarter figures are due next Thursday. Elsewhere, Kode International rose 17 to 260p on demand ahead of next month's results.

Hawker drifted off on occasional offerings to close 6 cheaper at 326p, but other movements in the Engineering leaders were limited to a few pence either way. Birmid Qualcast, a good market on the results, encountered profit-taking and gave up 1½ to 30½p, but Moss Engineering, still reflecting the £1.3m Saudi Arabian contract, edged up 2 further to 110p. Renewed support lifted Porter Chadburn 4 more to 45p, while Wadkin, up 5 at 85p, also found favour. G. M. Firth, 223p, and Matthew Hall, 220p, firmed 3 apiece. Simon Engineering, in contrast, gave up 9 at 407p.

Rowntree Mackintosh attracted late support and firmed 4 to 182p; the offer document outlining the group's bid for Huntley and Palmer is due soon. After Wednesday's gain of 11 on talk that the company had sold its stake in Ranks Hovis McDougall, British Sugar added 3 to 410p. RHM slipped to 66½p before closing just ½ cheaper on balance at 67½p. Among Retailers, J. Sainsbury hardened 5 to a 1981-82 peak of 570p.

Grand Metropolitan featured Hotels and Caterers, rising 7 to 194p following an investment seminar. Elsewhere, Kennedy Brookes added a penny to 153p awaiting today's annual results, while revived speculative demand lifted Old Swan Hotel (Harrogate) 4 to 72p.

Turner & Newall down

Reports of a broker's downgraded profits forecast unsettled Turner and Newall, which touched 96p before closing a net 7 down at 99p; sentiment was also adversely affected by the political situation in Zimbabwe. Profit-taking in the absence of the much-rumoured bid or dawn raid left Bowater 7 off at 256p. Elsewhere in miscellaneous industrials, Dobson Park Industries fell 5 to 80p, after 77p, following the chairman's remarks at the AGM. In the wake of a large placing of shares in the company with various institutions, Scotcros shed 5 to 95p.

After Wednesday's bout of excitement and speculative jump of 14½, interest in Inter-City Investment cooled following the Board's bid denial but the close was only a couple of pence down at 50p, after 47p. Associated Communications Corporation A eased a penny to 83p despite the increased cash bid of 90p per share from Mr Gerald Ronson's Heron Corporation. Braby Leslie, on the other hand, rose 4 to 48p on the announcement that CHI Securities had increased its shareholding in the company to 6.24 per cent.

Pleasurama, a strong market earlier in the week on the London casino acquisition, encountered profit-taking and gave up 8 to 410p. On the other hand, Nimslo attracted U.S. buying and added 7 more to 202p.

Leading Properties passed an indifferent session and closed virtually unchanged. Among secondary issues, Laganvale Estate dipped to 26p before closing a net 3½ down at 27½p following the announcement that Sturla Holdings had decided not to proceed with its offer for the company. Sturla closed 2 cheaper at 15p, after 13p, following the proposed rights issue and profits forecast. Elsewhere, Aquis Securities firmed 2½ to 32p; the preliminary results are due next Tuesday.

Oils quiet

Oils got off to a reasonably firm start, but drifted back in the absence of worthwhile buying interest. British Petroleum ended unaltered at 290p, after 294p, but Shell held most of an earlier gain at 362p, up 4, after 364p. Outside of the leaders, Ultramar advanced to 425p before settling 5 dearer on balance at 420p. Among the more speculative issues, ORE rose 15 further to 296p; it was announced yesterday that Mr John Mills had sold 35,000 shares, thereby reducing his holding in the company to 4.3 per cent. Candecca were again relatively lively on news of the onshore exploration agreement with Esso Petroleum; the shares improved a couple of pence further to 198p before closing unchanged on balance at 196p.

Revived demand lifted Exco International 4 to 214p, while R. P. Martin rallied 10 to 408p. Elsewhere in Financial Trusts, Akroyd and Smithers gave up 5 to 185p. Mexico Fund, down 10 at 305p, were unsettled by the devaluation of the peso.

Textiles were featured by Reliance Knitwear, up 7 at 32p, after 33p, in response to the half-year figures. Other firm spots included Richards which gained 3½ to 21½p and Parkland A, 3 to the good at 42p.

Favourable Press mention stimulated a revival of buying interest in Imperial Group which closed a shade below the day's best with a gain of 3½ at 84p.

Plantations were notable only for a late show of strength in Harrisons Malaysian Estates, which closed 14 higher at 160p.

Golds weaker

The Gold Mines index fell 7.1 to 262.5, its lowest since Christmas Eve, 1979, as small institutional selling cut up to ½ from the higher-priced South African Golds. The selling followed the fall in the bullion price to $367 an ounce at one stage, although the price recovered to close at $369.75 for a fall of $3 on the day.

Hartebeest, at £22¾, and Randfontein Estates, at £23¾, were hardest-hit among the heavyweights, with falls of ½, while losses of around ½ were common to Kloof, £13, Vaal Reefs, £30¾, and Western Deep Levels, £13¼.

As usual, the marginal mines suffered most among the lower-priced stocks, as in Doornfontein, down 42 to 746p, Libanon, 29 lower at 759p and Stilfontein, 23 weaker at 657p.

Platinums followed Golds downwards, with Impala 5 off at a new low of 280p, Lydenburg down 2 to 140p and Rustenburg also at a new low of 178p after a decline of 2. The fall in the last-named was limited by some South African support.

Gold-based South African Financials also suffered, as in "Amgold," down ½ to £35½, and Gold Fields of South Africa, a like amount weaker at £30¾.

Coal stocks were also cheaper, with Transvaal Consolidated Land losing a point to £24 and "Amcoal" down ½ to £13.

Australians were steady, with the exception of the gold stocks, where Gold Mines of Kalgoorlie shed 10 to 235p. The market seemed to have fully discounted CRA's severe fall in profits for last year, and the shares edged up 3 to 155p. Western Mining put on 4 to 212p, while Peko-Wallsend, 324p, and Pancontinental, 110p, closed similarly higher.

Of the 1,739 contracts completed in the Traded Options market yesterday, 924, comprising 879 calls and 45 puts, were done in Imperial following Press comment.

FINANCIAL TIMES STOCK INDICES

	Feb. 18	Feb. 17	Feb. 16	Feb. 15	Feb. 12	Feb. 11	A year ago
Government Secs.	65.55	65.34	64.83	64.79	65.04	65.34	69.42
Fixed Interest	65.38	65.16	64.53	64.89	65.42	65.24	70.90
Industrial Ord.	566.2	565.6	567.2	564.1	570.5	579.0	494.2
Gold Mines	262.5	269.6	274.6	274.3	284.1	285.2	322.0
Ord. Div. Yield	5.46	5.43	5.50	5.43	5.50	5.37	7.28
Earnings Yld.% (full)	9.86	9.83	0.75	0.63	9.56	9.47	16.13
P/E Ratio (net) (*)	12.54	12.56	12.42	12.55	12.66	12.83	7.56
Total bargains	17,990	18,133	18,849	18,701	19,021	18,489	23,259
Equity turnover £m.	—	109.41	120.94	105.77	128.92	188.19	131.72
Equity bargains	—	14,156	16,380	14,376	10,245	17,678	15,162

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
10 am 565.2. 11 am 564.0. Noon 563.3. 1 pm 562.6. 2 pm 561.0. 3 pm 562.8.
Latest Index 01-246 8026.
*Nil=12.04.

HIGHS AND LOWS — S.E. ACTIVITY

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (28/4/81)	60.17 (26/10/81)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	73.01 (29/4/81)	61.61 (26/10/81)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	420.0 (14/9/81)	262.5 (18/2/82)	558.9 (22/9/80)	43.5 (26/10/71)

	Feb. 17	Feb. 16
—Daily Gilt Edged Bargains	193.0	208.7
Equities Bargains	91.7	106.1
Value	231.1	243.0
5-day Avrge. Gilt-Edged Bargains	195.4	187.9
Equities Bargains	106.0	107.3
Value	676.7	655.2

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −	Div.	Times covered	Gross yield	P/E ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −
2.5A$	F.P.	—	244	109	CSR A $1	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ‡ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ◆ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2) (a).

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Blue Circle	496	−13	ICI	338	−6
Bowater	256	−7	Imperial Group	84	+3½
Dalgety	390	−5	Inter-City Investment	50	−2
Dobson Park	80	−5	Newbold and Burton	53	+4
Eagle Star	378	−6	Reliance Knitwear	32	+7
Goodman Brothers	18	−8	Turner and Newall	99	−7

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
Inter-City	52	52	+14½	ICI	12	344	+2
Goodman Bros.	27	23	+10	Shell Transport	12	358	+1
RTZ	22	445	+8	BAT Industries	11	435	+9
GEC	15	830	+10	Bath & Portland	11	81	+1
Bowater	14	263	+15	BH Property	11	500	+5
Birmid Qualcast	13	32	+4	Royal Insce.	11	365	+3
Eagle Star	13	364	+20				

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb 22	Mar 5	June 3	June 14
Mar 8	Mar 19	June 17	June 28
Mar 22	April 2	July 1	July 12

For rate indications see end of Share Information Service

Stocks favoured for the call included Inter-City, British Petroleum, Gulf Stream Resources, Tozer Kemsley, Bowater, Trident TV A, European Ferries, Woodside, Eagle Star, Birmid Qualcast, Wheelock Marden A, G. Sturla, Alpine Holdings, GRE, Hutchison Whampoa, Wadkin and ICL. West Rand Consolidated were dealt in for the call. No puts were reported.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, February 17, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

Country	Currency	Value of dollar
Afghanistan	Afghani (O)	50.08
Albania	Lek	4.4985
Algeria	Dinar	4.1875
Andorra	Fr. Franc	6.0575
	Sp. Peseta	101.50
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.7025
Argentina	Peso (1)(4)	10036.00
Australia	Dollar	0.8892
Austria	Schilling	15.75
Azores	Port. Escudo	69.65
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	101.50
Bangladesh	Taka	20.87
Barbados	Dollar	2.01
Belgium	Franc (C)	40.22
	Franc (F)	42.18
Belize	Dollar	2.00
Benin	C.F.A. Franc	302.875
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.285
Bolivia	Peso	24.75
Botswana	Pula	0.9007
Brazil	Cruzeiro	135.41
Brunei	Dollar	2.1345
Bulgaria	Lev	0.935
Burma	Kyat	6.9516
Burundi	Franc	90.00
[illegible]	[illegible]	[illegible]

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—By decree on 9/11/81 dual exchange rate abolished and Sudanese Pound devalued by 12½ per cent.
(3) Egypt—Floating rate fixed daily by Central Bank of Egypt for importers, Exporters, Tourists.
(4) Argentina—Commercial and financial rate combined 30/12/81. (5) Poland—Official rate 80 effective 1/1/82.
(6) Somalia: Parallel exchange rates introduced 1st July—for essential imports. (7) Somalia: Exports and Non Essential Imports and Transfers.

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (46)

[illegible]

TOBACCO (1)
BAT Inds.

TRUSTS (6)
Camellia Invs. | Leda Inv. Cap.
First Scot. Am. | Trust Union
Law Debenture | Exco Int.

OIL AND GAS (2)
Century | ORE

NEW LOWS (40)

AMERICANS (1)
Tenneco 10pc Ln.

BANKS (1)
Gillett Bros.

INDUSTRIALS (1)
Christie-Tyler

PROPERTY (1)
Daon Dev. Cpn.

TRUSTS (1)
New Aust. Inv. Trust

OIL AND GAS (6)
Anvil Pet. | Offshore
Genoa Oil | Strata Oil
New Court Nat. | Texaco 4¾pc Cov.

OVERSEAS TRADERS (1)
Boustead

MINES (18)
ERGO | Impala Plat.
Blyvoor | Rustenburg Plat.
Elsburg | Wankie Colliery
Western Areas | Bond Cpn.
Western Deep | G.M. Kalgoorlie
F.S. Geduld | Hoома
Welkom | North Kalgurli
Rand London | Western Cont.
Rand Ldn Coal Pref. | Colby Res.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	64	1	27
Corpns. Dom. & Foreign Bonds	11	3	60
Industrials	214	161	982
Financial & Props.	76	77	363
Oils	24	18	67
Plantations	5	1	18
Mines	12	84	70
Others	37	56	53
Totals	443	402	1,640

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur Feb 18 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Feb 17 Index No.	Tues Feb 16 Index No.	Mon Feb 15 Index No.	Fri Feb 12 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (210)	369.07	−0.1	9.22	4.32	13.67	369.56	367.85	370.84	373.19	306.59
2 Building Materials (25)	323.86	−0.5	13.45	5.35	8.94	325.55	323.91	327.79	330.75	272.24
3 Contracting, Construction (28)	585.96	—	15.58	4.83	7.54	586.16	585.27	588.44	589.00	470.75
4 Electricals (31)	1264.30	+0.2	7.27	2.28	17.59	1261.90	1252.51	1259.32	1265.89	1010.08
5 Engineering Contractors (9)	509.60	−0.8	12.39	5.74	9.43	513.55	512.33	515.18	520.38	406.57
6 Mechanical Engineering (67)	193.97	−0.6	10.82	5.68	11.78	195.85	194.51	196.34	198.44	181.21
8 Metals and Metal Forming (12)	166.41	—	7.31	7.32	19.21	166.34	166.30	170.81	171.44	146.86
9 Motors (21)	98.25	−0.5	—	6.78	—	98.78	98.92	99.74	99.56	89.81
10 Other Industrial Materials (17)	400.07	−0.1	7.91	5.75	15.69	400.39	399.12	401.35	404.15	307.26
21 CONSUMER GROUP (198)	294.42	+0.4	12.45	5.62	9.86	293.27	291.21	292.89	295.38	247.50
22 Brewers and Distillers (21)	290.94	+1.2	16.17	6.71	7.44	287.47	282.91	285.81	289.64	271.15
25 Food Manufacturing (21)	282.29	+0.1	14.94	6.06	8.03	282.02	282.02	282.16	284.67	221.09
26 Food Retailing (15)	612.51	+0.1	8.79	3.26	13.86	611.92	607.24	609.49	609.80	460.95
27 Health and Household Products (7)	373.71	−0.1	8.36	4.28	14.05	374.11	372.21	378.48	380.39	273.89
29 Leisure (24)	445.40	+0.3	9.15	4.96	13.77	444.22	443.50	445.65	447.82	350.68
32 Newspapers, Publishing (12)	510.30	−0.6	11.36	6.30	11.67	513.39	508.68	502.80	502.46	443.15
33 Packaging and Paper (13)	148.26	−1.3	13.49	7.27	8.86	150.15	146.99	149.88	147.28	124.38
34 Stores (45)	264.99	+0.4	10.88	5.10	12.28	263.86	262.85	264.48	267.60	255.58
35 Textiles (23)	168.89	−0.1	9.42	5.87	13.69	169.00	168.48	169.20	169.22	133.82
36 Tobaccos (3)	314.79	+1.6	19.25	8.28	5.93	309.88	304.92	304.42	309.66	225.77
39 Other Consumer (14)	272.90	+0.3	7.04	6.54	23.53	272.15	271.73	272.39	272.91	252.30
41 OTHER GROUPS (79)	256.73	−0.2	10.08	5.51	12.55	257.17	256.27	258.61	259.35	218.87
42 Chemicals (16)	344.32	−1.2	5.77	5.43	25.89	348.49	346.65	352.85	352.54	282.89
44 Office Equipment (4)	126.64	+0.7	13.57	6.79	8.85	125.76	124.86	124.61	128.42	102.94
45 Shipping and Transport (13)	579.07	+0.6	18.51	6.38	6.43	575.38	576.24	578.83	583.62	568.94
46 Miscellaneous (46)	317.71	+0.5	11.46	5.30	10.64	316.09	315.30	316.32	316.48	269.67
49 INDUSTRIAL GROUP (487)	315.16	+0.1	10.92	5.32	11.38	314.79	313.82	315.25	317.42	264.19
51 Oils (13)	673.98	+0.6	21.10	8.37	5.37	670.16	665.72	674.31	677.68	843.73
59 500 SHARE INDEX	344.43	+0.2	12.51	5.63	9.68	343.79	341.79	344.54	346.81	310.15
61 FINANCIAL GROUP (117)	261.10	−0.3	—	5.81	—	261.85	259.74	260.44	259.14	244.05
62 Banks (6)	289.32	−0.3	31.14	6.53	3.75	290.06	287.39	289.21	287.76	232.44
63 Discount Houses (9)	228.60	−0.1	—	9.49	—	228.86	232.29	232.88	235.80	306.61
65 Insurance (Life) (9)	258.19	−0.4	—	6.20	—	259.26	257.34	256.99	253.56	251.39
66 Insurance (Composite) (10)	164.04	−8.7	—	8.16	—	165.20	162.89	162.57	159.80	155.28
67 Insurance Brokers (7)	438.74	−0.2	10.14	5.20	13.33	439.52	439.52	438.31	438.97	343.18
68 Merchant Banks (12)	150.83	−0.4	—	5.44	—	150.62	150.55	150.20	151.56	149.54
69 Property (49)	458.63	−0.1	4.65	3.21	28.75	458.94	457.12	457.78	458.89	403.58
70 Other Financial (15)	188.58	+0.2	15.37	5.74	7.96	188.11	187.74	189.81	188.98	176.19
71 Investment Trusts (112)	312.56	−0.4	—	5.21	—	313.79	314.61	315.58	318.81	284.29
81 Mining Finance (4)	225.23	−1.1	15.30	6.31	7.87	227.77	226.25	228.84	230.90	213.49
91 Overseas Traders (17)	415.06	—	12.58	7.67	9.71	415.88	418.72	419.56	433.72	453.79
99 ALL-SHARE INDEX (750)	325.09	—	—	5.69	—	324.97	323.20	325.38	327.11	296.41

FIXED INTEREST

PRICE INDICES	Thur Feb 18	Day's change %	Wed Feb 17	xd adj. today	xd adj. 1982 to date
British Government					
1 5 years	107.53	+0.14	107.39	—	2.65
2 5-15 years	104.54	+0.35	104.18	—	2.11
3 Over 15 years	107.03	+0.40	106.61	—	2.00
4 Irredeemables	116.49	+0.27	116.18	—	0.00
5 All Stocks●	106.07	+0.30	105.76	—	2.20
6 Debentures & Loans	82.17	+0.45	81.88	—	1.60
7 Preference	62.63	—	62.77	—	1.56

AVERAGE GROSS REDEMPTION YIELDS	Thur Feb 18	Wed Feb 17	Year ago (approx.)
British Government			
1 Low Coupons ●5 years	12.56	12.57	11.32
2 ●15 years	13.42	13.40	12.21
3 ●25 years	13.07	13.14	12.39
4 Medium Coupons 5 years	14.99	15.06	13.17
5 15 years	14.86	14.91	13.82
6 25 years	14.28	14.34	13.59
7 High Coupons 5 years	15.06	15.15	13.17
8 15 years	15.01	15.06	14.08
9 25 years	14.63	14.70	13.81
10 Irredeemables†	12.85	12.88	11.58
11 Debs & Loans 5 years	16.02	16.09	14.21
12 15 years	15.95	15.99	14.49
13 25 years	15.87	15.91	14.50
14 Preference†	15.73	15.69	14.42

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.
● Corrected figures for February 17.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	86.7	91.2xd	+0.2	13.31

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds				
Allied 1st	94.9	101.5	+0.4	5.31
Brit. Inds. Fund	82.5	88.3	+0.5	6.05
Growth & Income	59.5	63.7	+0.2	3.92
Elect. & Ind. Dev.	48.2	51.6	+0.2	4.17
Allied Capital	103.6	110.9	+0.3	4.50
Hambro Fund	142.0	151.9	+0.6	5.33
Hambro Acc. Fund	207.5	221.8	+0.9	4.51
Income Funds				
High Yield Fd.	69.6	74.5xd	+0.3	8.54
High Income	89.0	95.2	+0.2	6.72
Equity Income Fd.	49.2	52.6xd	+0.3	7.02
Govt. Secs.	24.2	24.8	.....	12.82
International Funds				
International	34.0	36.4xd	−0.4	2.55
Japan Fund	28.5	30.5	+0.3	0.54
Pacific Fund	67.0	71.7	+0.6	1.51
American Spec. Sits.	—	25.0	.....	1.10
Secs. Of America	80.7	86.4	−0.5	2.84
Specialist Funds				
Smaller Co.'s Fd	60.0	64.2	+0.2	3.66
2nd Smlr. Co's Fd.	76.4	81.7	+0.2	3.98
Recovery	29.8	31.9	.....	4.42
Met. Min. & C'dty.	59.3	63.5	−0.1	6.00
Overseas Earnings	81.0	86.7	+0.3	4.64
Exempt Funds				
Income Exempt	55.3	58.1xd	+0.3	8.09
Far East Exempt	73.9	76.8	+0.7	1.63
Smaller Co. Exempt	102.1	107.2	+0.3	3.68
U.S.A. Exempt	132.0	137.3	−0.2	2.86

Anderson Unit Trust Managers Ltd.
62, London Wall, EC2R 7DQ 01-638 1200

Anderson U.T.	67.5	73.1	.....	3.39

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4931

Inc. Monthly Fund	169.0	179.0xd	.....	10.80
Lncs&Gen.Fd.	55.5	58.5	.....	7.33

Anthony Wieler Unit Tst. Mgmt. Ltd.
19, Widegate St., London, E1 7HP. 01-247 8827

Wieler Gwth Fd. Inc.	37.1	39.9	.....	2.70
Do. Accum.	47.7	51.3	.....	8.50

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital	[illegible]	[illegible]	.....	—
Commodity	[illegible]	[illegible]	.....	2.72
(Accumulation)	[illegible]	[illegible]	+0.1	2.72
(10% Withdrawal)	[illegible]	[illegible]	.....	2.72
Eastern & Internat'l	[illegible]	[illegible]	+0.1	1.00
(6% Withdrawal)	[illegible]	[illegible]	+0.1	1.00
Extra Income	[illegible]	[illegible]	.....	11.67
(Accumulation)	[illegible]	[illegible]	.....	11.67
Finance & Property	[illegible]	[illegible]	+0.1	4.66
Foreign	[illegible]	[illegible]	−0.8	1.00
Giants	[illegible]	[illegible]	+0.1	3.18
(Accumulation)	[illegible]	[illegible]	+0.2	3.18
Gilt & Fixed	[illegible]	[illegible]	+0.1	12.75
(Accumulation)	[illegible]	[illegible]	+0.1	12.75
Growth	[illegible]	[illegible]	[illegible]	3.45
(Accumulation)	56.8	[illegible]	[illegible]	3.45
High Income	35.8	[illegible]	[illegible]	9.69

"Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 3492

Cres. Amer. Fd.	38.9	42.0	−0.2	0.60
Cres. Internat'l.	83.2	89.8	+0.2	1.67
Cres. High. Dist.	46.7	50.4	.....	9.08
Cres. Reserves	52.6	56.8xd	+0.1	5.28
Cres. Tokyo	39.4	42.5	+0.3	0.29

Dartington Unit Trust Magt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	22.3	24.2	.....	6.56

Discretionary Unit Fund Managers
36/38 New Broad St. EC2M 1NU. 01-638 4485

Disc. Inc. Feb 12	259.9	277.2	.....	4.82

Dunbar Unit Trust Managers Ltd.
53, Pall Mall, London, SW1 5JH. 01-930 2122

Income & Growth	23.0	24.4	.....	7.58
Special Sits.	25.5	27.1	−0.1	2.92

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	21.2	23.7xd	.....	7.34
Gt. Winchester O'seas	32.2	35.8	.....	3.49

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

UK Gwth. Tst. Acc.	57.7	62.0	+0.4	4.58
UK Gwth. Tst. Inc.	57.7	62.0	+0.4	4.58
Higher Inc. Tst. Acc.	59.6	64.0	+0.2	8.00
Higher Inc. Tst. Inc.	59.6	64.0	+0.2	8.00
Gilt/Fxd. Int. Tst. Acc.	52.2	54.9	+0.1	5.49
Gilt/Fxd. Int. Tst. Inc.	52.2	54.9	+0.1	5.49
Nth.America Tst.Acc.	49.3	53.0	+0.2	1.81
Far East Tst. Acc.	46.6	50.1	+0.5	8.97
General Tst.	95.1	102.2	+0.6	4.56

Fidelity International Management Ltd.
20, Abchurch Lane, London EC4N 7AL. 283 9911.

American (z)	36.7	39.7	.....	0.77
Amer. Spec. Sits. (z)	26.5	28.9	−0.1	0.01
Gilt & Fixed Int.	23.1	23.9	.....	13.58
Growth & Income	34.7	37.9	+0.2	6.82
Japan Trust (z)	23.4	25.3	+0.3	—
Max. Inc. Eq. Tst.	31.5	34.1	+0.2	8.80
Special Sits.	40.6	44.3	−0.4	0.73

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321.

J. Finlay Internat'l	36.1	38.8	.....	1.97
Accum. Units	45.0	48.4	.....	1.97
J. Finlay High Income	38.4	41.3	.....	9.04
Finlay Wld. Energy	13.9	14.9	.....	3.11
Accum. Units	18.0	19.4	.....	3.11
J. Finlay Fd. In. Tst.	42.8	46.0	.....	5.22
Accum. Units	56.6	60.8	.....	5.22

Prices on Feb. 17. Next dealing Feb. 24.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	87.0	93.0	.....	0.89
(Accum. Units)	87.0	93.0	.....	0.89
Am. T'around	78.0	83.4	.....	2.21
(Accum. Units)	78.0	83.4	.....	2.21
Capital Tst.	68.4	73.0	+0.2	4.52
(Accum. Units)	73.8	78.8	+0.2	4.52
Convertible & Gilt	48.6	51.0	+0.2	9.65
(Accum. Units)	51.4	54.0	.....	9.63
Extra Income Trust	55.8	59.6xd	+0.2	8.47
Income Tst.	47.0	50.2	+0.2	6.86

Australian (z)	19.6	21.2	−0.2	1.38
Far Eastern Tst. (z)	38.2	41.5	+0.2	1.31
High Income	36.3	39.4	+0.1	11.07
Intl. Trust (z)	44.2	47.9	.....	1.54
Basic Resources Tst.	40.4	43.9	.....	2.43
Incm. Growth Tst.	25.3	27.4xd	−0.1	8.09
Pref. & Gilt Tst.	18.3	19.8xd	.....	14.77
Smaller Co's Trust	29.4	31.9	.....	3.39

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. § Guernsey gross. ¶ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
650	85	Falcon Rh.50c.	85	−5	Q25c	10.3	21.9
155	60	Roan Cons. K4	60	.....	♦Q0.13	5.0	—
59	22	Wankie Col. Rh.1	22	−1	Q5c	1.2	10.2
32	19	Zam.Cpr.SBD0.24	20	.....	—	—	—

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
[illegible]							
330	75	Colby Res. Corp.	75	−5	—	—	—
330	200	Cons. Murch. 10c.	285	−5	Q60c	ϕ	11.2
10	5	††Explaura Gold	7	.....	—	—	—
98	47	††Hemerdon 10c.	60	.....	—	—	—
190	65	Highwood Res.	85	.....	—	—	—
595	205	Northgate C$1	210	.....	—	—	—
633	372	R.T.Z.	440	−5	16.0	2.3	5.2
£130½	£93½	[illegible]	£102	−1	Q9½%	—	19.4
103	13	††SPO Minerals 10p	14	.....	—	—	—
47	15	Sabina Inds. C$1	18	+1	—	—	—
44	21	‡Southwest C. 10p	34	+1	—	—	—
650	355	Tara Expon. $1	425	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ✢ USM: not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a): not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- \# Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ✣ Not comparable.
- ✦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

Gen. Accident	28	Reed Intnl.	26	Tricentrol	22
Gen. Electric	65	Sears	6	Ultramar	58
Glaxo	42	Tesco	5½		
Grand Met.	17	Thorn EMI	42	Mines	
G.U.S. 'A'	45	Trust Houses	11	Charter Cons.	25
Guardian	25	Tube Invest.	23	Cons. Gold	95
G.K.N.	15	Turner & Newall.	11	Lonrho	7
Hawker Sidd.	30	Unilever	55	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

FINANCIAL TIMES

Friday February 19 1982

DEAL STILL POSSIBLE FOR BIG INDUSTRIAL USERS

Electricity prices to rise 10%

BY SUE CAMERON

ELECTRICITY prices for domestic consumers and small industrial users are to rise by an average of 10 per cent in April, but there is still hope that increases for big industrial users may be considerably lower. The increases come on top of an 11 per cent rise last year.

Earlier this week it was disclosed that British Gas is about to announce a two-stage domestic gas price rise of 23 per cent for the coming year.

The 10 per cent average rise in electricity prices comes after a government decision to turn down the Central Electricity Generating Board's plea to relax the industry's financial target.

The Government told the board of its decision earlier this month. The board's costs have risen by only 10 per cent, but to meet its unchanged financial target it will have to put up its bulk supply tariff—the wholesale prices it charges to area electricity boards—by about 15 per cent.

The board wanted its financial target relaxed because it wanted to keep down electricity price rises for smaller consumers on the general tariff.

It also wanted to help big industrial users who have been complaining that they are having to pay considerably more for their electricity than their Continental competitors.

The Government appears to have refused the request for a lowering of the financial target on the first count only. There is still hope that it may reach agreement with the board in favour of big industrial users of electricity.

The Government's financial target, of a 1.8 per cent return on net assets over the three years 1980 to 1983, was imposed on the entire electricity supply industry.

Some local electricity boards have exceeded this target. This is why charges to domestic and small industrial users will be increased by an average of only 10 per cent, although the bulk supply tariff charges are increasing by 15 per cent.

The London Electricity Board said yesterday it was proposing an average increase in its charges of 8.2 per cent. Its proposals, the first from any of the local boards, will go to the London Electricity Consultative Council for discussion.

The board failed to meet the financial target in 1980-81 and is expected to fall short of it again in the financial year 1981-82. It is having to put up its bulk supply tariff by 15 per cent in order to make good the shortfall.

If the Government accepts the case for helping big industrial users, proposed new load management arrangements could cancel out price rises for some companies.

● The General and Municipal Workers Union, which represents many blue collar workers in the gas industry, yesterday condemned the planned 23 per cent rise in domestic gas prices. It said the increase bore little relationship to the economic state of the gas industry and was "really just a new sort of tax." The increase would hit the old and sick particularly hard.

Peso drops by a third on floating

BY WILLIAM CHISLETT IN MEXICO CITY AND PETER MONTAGNON IN LONDON

THE MEXICAN peso fell in foreign exchange markets yesterday after the Bank of Mexico announced that, for the time being, it would allow the currency to float freely against the U.S. dollar. The move is the first part of an economic stabilisation package.

In confused and erratic early trading in Mexico City the peso was quoted at around 38 to the dollar, compared with its close on Wednesday night of 26.75.

The Bank of Mexico said it would be prepared to return to the market if necessary to prevent disorderly conditions. The rest of the package would be announced later.

In London, a senior Mexican finance ministry official, Sr Enrique Castro, said it would embody a measure of aid for private-sector companies, whose dollar debts now total around $15bn (£8.165bn), to help ease the effects of the fall in the value of the peso against the dollar on them.

The Government appealed for calm as fears grew that the depreciation could spark off a run on the banks, as happened in 1976 when the peso was abruptly devalued by 40 per cent.

The Central Bank said the free float, which by yesterday evening had resulted in an effective devaluation of about 30 per cent, was made necessary by Mexico's widening balance of payments deficit.

This was caused by the world oil glut, the slump in prices of key commodity exports such as silver, coffee and cotton and non-competitive prices for Mexico's manufactured exports.

Foreign bankers said Mexico had also become the latest casualty of high U.S. interest rates—"the rise in prime rates to 17 per cent was probably the last straw," said one.

This has increased speculative pressure on the peso, making it impossible for the Government to maintain its gradual exchange rate depreciation under which the currency had been expected to fall about 18 per cent this year—in line with the difference between Mexican and U.S. inflation rates.

This policy necessitated a high interest rate regime in Mexico, where prime commercial borrowers can raise bank loans only at an effective rate of about 42 per cent.

As speculation against the currency mounted in January, Mexicans started to switch their deposits in bank accounts to dollars from pesos, and some bankers reported that 70 per cent to 80 per cent of all new deposits were in dollars.

The Central Bank said that without the free float, Mexico's

1982 current account balance of payments deficit would have exceeded last year's record $11bn. It is also thought to be ill-equipped to cope with large-scale speculation, having reserves of $3.98bn at the last official count in September.

The aid to industry, Sr Castro said, would probably involve some tax relief measures. He admitted that this would add to Mexico's budget pressures when the country is trying to control public spending to curb inflation, which last year ran at 28 per cent.

The Central Bank said that in spite of the devaluation, Mexico will not put further brakes on its economic growth rate—expected to be around 6.5 per cent this year—because of the high social cost.

Mexico needs to raise $20bn in gross foreign borrowings this year, but following the exchange rate measures its latest borrowing, a $100m euroloand, was reported to be faring well in the market because of its very high 17½ per cent coupon

Pemex move to boost crude exports, Page 4

Harvester loses $297m in quarter

By Ian Hargreaves in New York

INTERNATIONAL Harvester, the struggling U.S. farm machinery company which recently completed a $4.15bn (£2.26bn) debt restructuring exercise, suffered its worst recent quarterly loss in the three months to January.

Harvester said it lost $297m in the quarter, compared with a loss of $105m the same quarter last year. The company's sales fell by a third to $1.04bn.

The latest figures mean Harvester has lost $1.3bn from continuing operations in the past nine quarters. It said heavy losses were expected this quarter but it should return to profit later this year.

Harvester announced a series of sharp cuts in pay and benefits for the company's white collar staff, including an attempt to end the controversial $1.8m stock incentive scheme awarded to Mr Archie McCardell, Harvester's chairman, as a reward for the company's profits in 1979.

The cuts in management pay, as well as saving money, are intended to encourage leaders of the United Autoworkers Union to start negotiations for cuts in shopfloor pay.

Union leaders have complained that Harvester wants sacrifices from manual workers without being prepared to get management to make them. It was a six-month strike by the union in 1979-80 which ended Mr McCardell's brief period of success at Harvester.

Details, Page 23

Safeguards take effect for bank deposits of up to £10,000

BY WILLIAM HALL AND MICHAEL CASSELL

THE GOVERNMENT, implementing the last major piece of the 1979 Banking Act, is introducing a protection scheme which will safeguard 75 per cent of a bank deposit up to a value of £10,000.

The scheme, which will be implemented by statutory instrument today, has been in the offing for some time. Its details were spelled out in the Banking Act, which received the Royal Assent in April 1979.

There has been no explanation of the delay in introducing the scheme, but it is known that the banks have been unhappy about subscribing the £5m to £6m needed before the building societies introduced a similar scheme.

If the building societies do not introduce a scheme soon, the banks are likely to complain to the Government of being asked to shoulder an unfair burden.

The 1979 Banking Act was designed to tackle some of the worst abuses to do with the secondary banking crisis of the mid-1970s. The deposit protection scheme will safeguard the smaller depositors against loss in the event of one of the 600-odd recognised banks and licensed deposit-takers in Britain closing its doors.

Some 75 per cent of the first £10,000 of the deposit will be safeguarded under the scheme, so as to nudge the depositor towards prudence before he or she places money.

Banks will be required to pay between £2,500 and £300,000 to the fund. Once this had been used, further contributions would be called for as necessary.

The scheme will be administered by a deposit protection board and in addition to the Governor of the Bank of England and other officials, Mr John Quinton, the senior general manager of Barclays Bank, Mr R. J. Dent, a managing director of Baring Brothers, and Mr J. O. Skelton, a managing director of Wagon Finance, have been appointed directors.

The building societies' efforts to establish a voluntary deposit protection fund dates back to 1978, following the collapse of the Grays Building Society with deficiencies of about £7m.

In spite of prolonged and detailed discussions, several big societies have opposed implementation of the schemes put forward.

The societies have consistently claimed that, in the case of any financial failure, they would move quickly to provide safeguards.

Amersham offer

Continued from Page 1

The Government was accused by Labour members of "defrauding the taxpayer" over the sale.

Mr Nicholas Ridley, the Financial Secretary to the Treasury, is believed to have clashed with energy ministers over the methods of the sale. At the last minute Sir Geoffrey Howe, the Chancellor, had to resolve the dispute when he overruled Mr Ridley. This has apparently produced further strains in an already difficult relationship between Mr Ridley and Sir Geoffrey.

Mr Ridley argued that the sale should be on a tender basis, like those of gilt issues, in which the selling price is determined by the level of demand. In contrast energy ministers argued that a tender would favour financial institutions in the City, in preference to small investors who would be less able to judge the appropriate price.

The Department of Energy urged a fixed price offer with a preference in the allocation for small investors. This carried the risk that if, as has turned out to be the case, there was very large demand and a big premium, the profits would go to the purchasers.

There is likely to be further argument within the Government when the size of the premium becomes clear next week.

This point was taken up yesterday during the committee stage of the Oil and Gas (Enterprise) Bill by Labour MPs. Mr Ted Rowlands, a Labour energy spokesman, said the Government had sold Amersham short

Parker given deadline

Continued from Page 1

eight-hour working day to which Aslef has been sticking. BR is pressing for seven to nine hour flexible rostering.

There is a firm belief within the BR board that, though Aslef may now appear to be the victors in the dispute having won the outstanding 3 per cent while the productivity issue is put back into the industry's negotiating machinery, arbitration results may not favour the union.

Mr Cliff Rose, BR board member for industrial relations, said after the outcome of the arbitration: "I think we will have a positive agreement on flexible rostering for footplate staff."

BR got the negotiations going yesterday by putting firm proposals on flexible rostering to Aslef and to the National Union of Railwaymen, which represents about 1,600 train drivers.

The unions will study them before a meeting on Monday of the drivers' section of the Railway Staffs Joint Council — the first stage in the negotiating procedure.

BR stoutly defended the agreement reached early yesterday, which has been widely criticised as conceding victory to Aslef. While there is still a risk of this, it is clear that the report of the independent inquiry into the dispute, chaired by Lord McCarthy, on which yesterday's agreement was based, directs the parties towards accepting flexible rostering.

It also became clear later yesterday that Mr Murray played a pivotal part in securing the agreement. BR originally proposed a tougher form of words than was eventually agreed. But at about 6 pm on Wednesday evening, Mr Murray went back to BR in the Aslef headquarters with the wording which eventually became the key section of the agreement.

BR accepted it by about 9 pm, but it took Aslef leaders until 12.20 to ratify it despite the fact that not a word of the Murray wording was changed.

Sir Peter said yesterday: "I am confident that the outcome of the negotiations we are now beginning will justify the long weeks of disruption and discomfort. We have been fighting for the commitment to productivity — we have now the chance to nail the issue down."

Mr Ray Buckton, Aslef general secretary, said the union would firmly pursue its policy of maintaining the eight-hour day in the negotiations. BR will seek to change this policy, however.

The Aslef executive yesterday decided to halt all industrial action from midnight last night following the final one-day strike yesterday. Telegrams were sent out to members, and circulars were being posted yesterday.

Strike action set for next Sunday, Tuesday and Thursday will not now go ahead.

It also seemed debatable yesterday whether there would be much response today by NUR guards to an unofficial call for a 24-hour strike in London and the South-East. NUR officials saw leaders of the train guards yesterday.

Heron raises ACC bid to £49m

BY JOHN MOORE

THE STAKES were raised yesterday in the auction for Associated Communications Corporation, as Heron Corporation announced a £49.4m takeover bid.

It is the second takeover bid by Heron for the entertainment empire created by Lord Grade. Mr Robert Holmes à Court's Bell Group, his Australian master company, has announced two bids so far. The first was worth £36m and his latest bid matched Heron's first offer of £46.6m. The contest is one of the hardest-fought takeover battles the City of London has seen.

Heron is attempting, through a series of legal actions, to block control of ACC passing to Mr Holmes à Court.

Lord Justice Templeman, one of three appeal court judges hearing the Heron case, said: "It may be that these proceedings will eventually serve some useful purpose," when told of the latest Heron offer.

Mr Holmes à Court, an Australian entrepreneur, was set to gain control of ACC before the start of Heron's court proceedings. Directors of ACC, holding about 64 per cent of the crucial voting shares, had agreed to accept his offer and had given undertakings. Heron is seeking to block the transfer of these shares to Mr Holmes à Court.

He said yesterday that Mr Gerald Ronson's Heron Corporation was "heating the breeze" if it thought it could prevent ACC passing to his business interests: "We never sell out of a company where we have control."

Mr Holmes à Court said the board of ACC, which he chairs after making his bid conditional on Lord Grade stepping down, will "become interested in Heron's offer when Heron makes it unconditional."

Hambros Bank confirmed yesterday that it would not advise Mr Holmes à Court on the takeover. Hambros had withdrawn from the scene "by mutual agreement."

Mr Holmes à Court said he had not decided who he would retain as advisers for the next round of the takeover battle.

Bid details, Page 21
Court report, Page 6

Weather

UK TODAY

MOSTLY dry and cloudy with bright intervals. Some rain.

London, S. and E. England, Midlands
Mist and fog clearing, sunny intervals developing. Max. 8C (46F).

S.W. England, Channel Is., S. Wales
Some drizzle on coasts. Max. 9c (48F).

N. Wales, N.W. England, S.W. Scotland, N. Ireland.
Bright intervals. Max. 8C (46F).

Rest of England and Scotland
Some rain or drizzle. Max. 6C (45F).

Outlook: Unsettled.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	14	57	Luxmbg.	C	2	36
Amsdm.	C	3	37	Luxor		—	—
Athens	C	8	46	Madrid		—	—
Bahrain	F	18	61	Majorca		—	—
Barclna.	C	15	59	Malaga	F	17	63
Beirut		—	—	Malta	R	11	52
Belfast	R	3	37	M'chstr.	C	3	37
Belgrd.	S	5	41	Melbne.		—	—
Berlin	C	−1	30	Mx. C.†		—	—
Biarritz	C	12	54	Miami†		—	—
Bmghm.	Fg	3	37	Milan		—	—
Blackpl.	C	3	37	Montrl.†	F	−16	5
Bordx.	F	11	52	Moscow	Sn	−5	23
Boulgn.		—	—	Munich	C	0	32
Bristol	C	4	39	Nairobi	F	28	82
Brussels	F	5	41	Naples	C	15	59
Cairo	F	18	64	Nassau		—	—
Cardiff	R	2	36	Nwcstl.	C	3	37
Cas'b'ca		—	—	N. York†		—	—
Cape T.	S	20	68	Nice	F	15	59
Chicg.†	C	0	32	Nicosia		—	—
Cologne	C	4	39	Oporto	F	12	54
Cpnhgn.	C	0	32	Oslo	S	−3	27
Corfu		—	—	Paris	R	5	41
Denver†		—	—	Perth		—	—
Dublin	C	4	39	Prague	F	4	39
Dbrvnk.	S	14	57	Reykjvk.	R	6	43
Ednbgh.	R	3	37	Rhodes	C	14	57
Faro		—	—	Rio J'o†		—	—
Florence	C	17	63	Rome	C	18	64
Frankft.	C	4	39	Salzbrg.	C	0	32
Funchal	C	15	59	S F'cisco†		—	—
Geneva	C	2	36	S. Moritz		—	—
Gibraltar	F	16	61	Singapr.		—	—
Glasgow	Sl	3	37	S'tiago†		—	—
G'rnsey	F	7	45	Stckhm.	S	−4	25
Helsinki	S	−3	27	Strasbg.	C	2	36
H. Kong	C	17	63	Sydney		—	—
Innsbrk.	S	10	50	Tangier	C	16	61
Invrnss.	C	4	39	Tel Aviv	S	15	59
I.o.Man		—	—	Tenerife	F	20	68
Istanbul		—	—	Tokyo	S	11	52
Jersey	S	7	45	T'ronto†	C	−5	23
Jo'burg	F	23	73	Tunis	F	17	63
L. Plms.	F	20	68	Valencia	C	13	55
Lisbon	C	12	54	Venice	S	11	52
Locarno	S	9	48	Vienna	C	1	34
London	R	5	41	Warsaw	C	−2	28
L. Ang.†	Fg	11	52	Zurich	C	1	34

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.
† Noon GMT temperatures.

THE LEX COLUMN

Overdrawn on Amersham

There were more amusing things to do in the City yesterday than wade through a set of money supply figures that had been half chewed over last week. Gilt-edged were again a very firm market, while there was fun to be bad in anticipating the investment analysts' annual dinner and working out how many times the Amersham International issue had been subscribed. The answer may be around 20 times — £800m went through the town clearing yesterday, and roughly £400m may appear from the country today. On top of that there are lots of uncleared small cheques: all this for a £70m offer for sale.

The trouble with the money figures is that not just distortion-prone sterling M3 grew rapidly in banking January. The growth of the wider measures of liquidity accelerated during the month and the narrow aggregate M1, which has recently been so sluggish as to prompt suggestions that monetary policy was too restrictive, jumped by 1.8 per cent.

The seasonally adjusted private sector bank lending total of £1.7bn—twice last January's level—is decidedly high given that the public sector was in deficit (after seasonals) to the tune of £600m. In addition there has been substantial boost to UK residents' sterling cash by the repatriation of £1.1bn of foreign currency deposits.

Coming on top of the current account surplus, this helps to explain why sterling has been so strong over the last few weeks, giving the authorities the chance to ease money. The January figures certainly suggest that their stance has been quite easy, while the Amersham stags did not seem to have much trouble in persuading their bank managers to part with large sums. And the Bank of England did everything possible to ensure that the shortage caused by the issue had no effect on money market interest rates.

Effectively the Bank obliged the clearing banks by lending them all they needed—at 14 per cent—to cover the subscriptions. But as dealing direct with the clearers would have set a dangerous precedent, the whole operation was artificially channelled through the discount market by allowing the banks to run down their holdings of call money and lending to the houses to replace the lost funds.

This easy availability of liquidity—combined with a stock shortage—is playing a big part in the gilt-edged market's continuing rise. Yesterday, too, the U.S. bond market was helping, and the Government Broker may well be bid for his short tap stock this morning.

The falling inflation rate, the healthy state of public sector finances and, for the moment, the strength of sterling reinforce the firm tone and give the authorities plenty of room for manoeuvre. But if the money figures show no improvement and the Bank continues to massage interest rates down, the long bond market is eventually going to get suspicious.

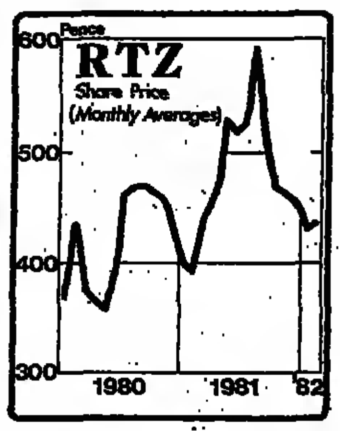
CRA

There was little cheer for RTZ in the preliminary figures of its Australian subsidiary CRA—not so long ago the most important contributor to profits. With many base metal prices still on the floor, CRA, which reported net earnings of A$16m in the first half of 1981, has produced a loss of A$3.5m in the second. The full year earnings of A$12.5m compared with A$175.2m in 1980, and the dividend has been chopped by nearly three-quarters.

The trend is not quite as bad as appears at first sight. The strength of the Australian dollar has reduced earnings by A$10m in the second half—and most of this reduction should be restored for RTZ on translation into sterling. Moreover, after showing A$17.7m of gains on forward sales of silver in the first half, there has been a corresponding loss of A$5.6m in the second six months. Adjusting for these two factors, the very poor second half performance is no worse than that of the first; at least this suggests that there has not been an underlying deterioration in prices and markets over the course of the year.

That said, trading conditions in 1981 have clearly been very difficult. Copper has been a main casualty, as has lead. Markets for both aluminium and steel have been extremely tough, for zinc somewhat better. With costs rising, profits are likely to fall further in the current half a picture that will be mirrored in RTZ's other subsidiaries and associates. Only the uranium interests will be sheltered by long-term contracts, while there are hopes for the contribution from chemicals and the industrial division. RTZ's shares fell 5p yesterday to 440p, producing a yield of 5.2 per cent.

Index fell 1.4 to 562.2



Mexico

The Mexican central bank has used virtually every weapon in its armoury to control the peso's depreciation against the dollar but, confronted with a fresh rise in U.S. interest rates and renewed pressure on Mexican oil prices, it has at last proved unequal to the task. Yesterday's decision to unpeg the rate left the peso 30 per cent lower against the dollar.

The authorities had already reached the limits of interest rate management. Commercial borrowers were paying effective rates about 15 per cent above the domestic inflation rate and the real returns available to depositors were not sufficient to stem a flight of capital towards the dollar.

The Mexicans are presumably gambling that the inflationary pressure which will result from devaluation can be contained. To achieve that goal, interest rates will need to stay at a level which, in an election year, can only be embarrassing.

ACC

Heron's latest bid for ACC is hardly a knock-out at 90p, a bare 5p up on the previous offer. But then Heron is not boxing in the ring for the attention of thousands of shareholders, but playing poker with Mr Holmes à Court, who can, in concert with perhaps three other people, deliver the company. So this latest bid represents an invitation to the Australian to collect his profits. Moreover, while ACC may have apparent assets in the region of 130p a share, its troubles are genuine enough to dampen any expectations that it might go for a premium or anything like one.

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